NSLC

BEER • WINE • SPIRITS

ANNUAL REPORT 2003-2004

FEATURING

About Your Company

It's about
Good Friends

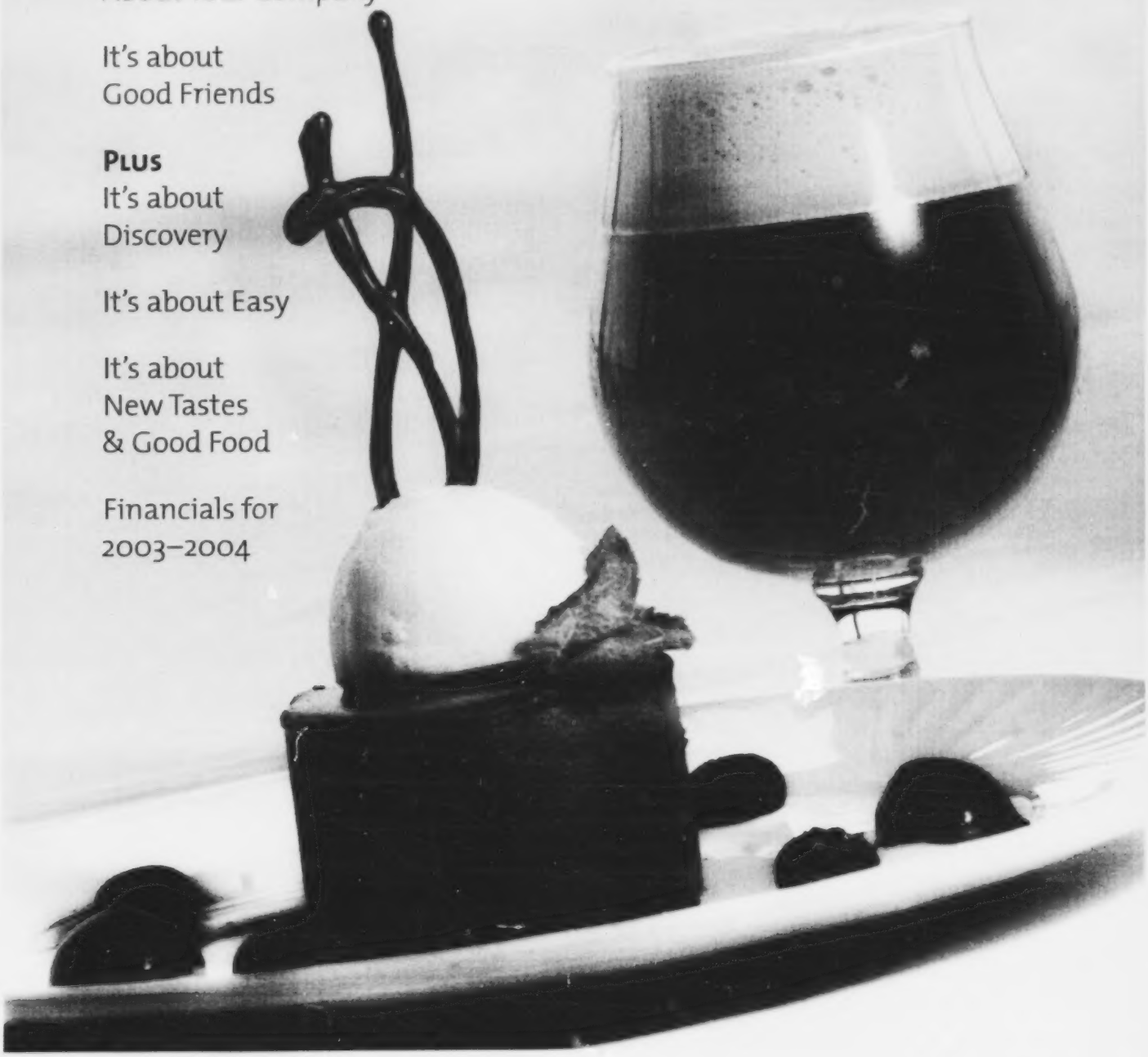
PLUS

It's about
Discovery

It's about Easy

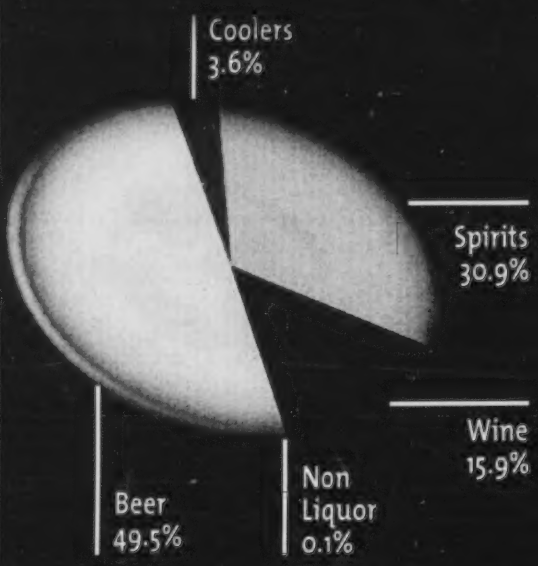
It's about
New Tastes
& Good Food

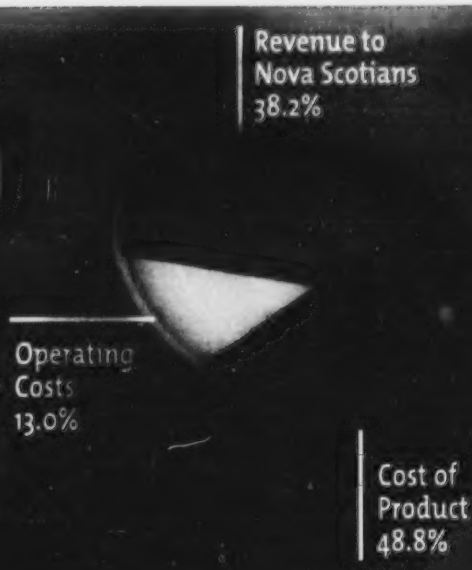
Financials for
2003–2004



All N[illegible] Profit from the

NSLC's $167.8 Million





NSLC

BEER • WINE • SPIRITS

The annual report is produced by the Nova Scotia Liquor Corporation and submitted to the Honourable Ernest Fage, Minister Responsible for the Administration of the NSLC, for the fiscal year ended March 31, 2004.

Head Office	93 Chain Lake Drive Bayer's Lake Business Park Halifax, Nova Scotia Canada B3S 1A3
Customer Service	1.800.567.5874
Telephone	902.450.6752
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Web Site	www.nsliquor.ca
Chairman	Peter McCreath
President and CEO	Ken Barbet
Independent Auditors	Grant Thornton LLP
Layout and Design	Pavonis Limited
Photography	Mindseye Images
Food Stylist	Debbie Page
On the Cover	A Bavarian cherry chocolate cake served with BelleVue Kriek beer and prepared by Chef Raj Gupta of the Casino Nova Scotia Hotel for the NSLC's first Beer Gala, August 18, 2004.

Table of Contents

Welcome to the 74th NSLC Annual Report . . . 1
Chairman's Report . . . 2
President's Report . . . 4
About Your Company . . . 6
It's About Discovery . . . 8
It's About Good Friends . . . 10
It's About Easy . . . 12
It's About New Tastes & Good Food . . . 14
NSLC Events (Beer Gala, Port of Wines Festival) 16
Our New Look . . . 18
Management Discussion and Analysis . . . 20
Auditor's Report . . . 23
Balance Sheet . . . 24
Statement Of Earnings and Retained Earnings 25
Statement Of Cash Flows . . . 26
Notes To The Financial Statements . . . 27
NSLC Events (Rum Festival, Scotch Ceilidh) . . 30
Five-year History . . . 32
Financial Performance . . . 33
Sales By Stores . . . 34
Source Of Gross Sales Revenue . . . 39
Canadian And Imported Sales . . . 40
Five Year Sales Comparison . . . 41
Five Year Volume Comparison . . . 42
Corporate Information . . . 43
Executive Officers . . . 44

Welcome to the 74th NSLC *Annual Report*

This annual report is unlike any other issued by the NSLC in our 74-year history. Rightfully so because the NSLC has changed more in this year than in any other year in our history.

We are steering in a new exciting retail-orientated direction. We are becoming a place where most people want to shop when they want to turn a gathering into a social occasion.

Throughout the past, year our executive team worked closely with our Board to set goals for our company. We reported our objectives to government through the Minister responsible for the administration of the NSLC and diligently worked to exceed our objectives.

In fall 2004, we will introduce our new corporate brand with its rich retail feel. Gone is the NSLC Commission of the past with its product control focus. Hello to new and exciting retail challenges and rewards.

The better we perform collectively, the greater the revenues to the Province of Nova Scotia. These funds are then put to work throughout our province.

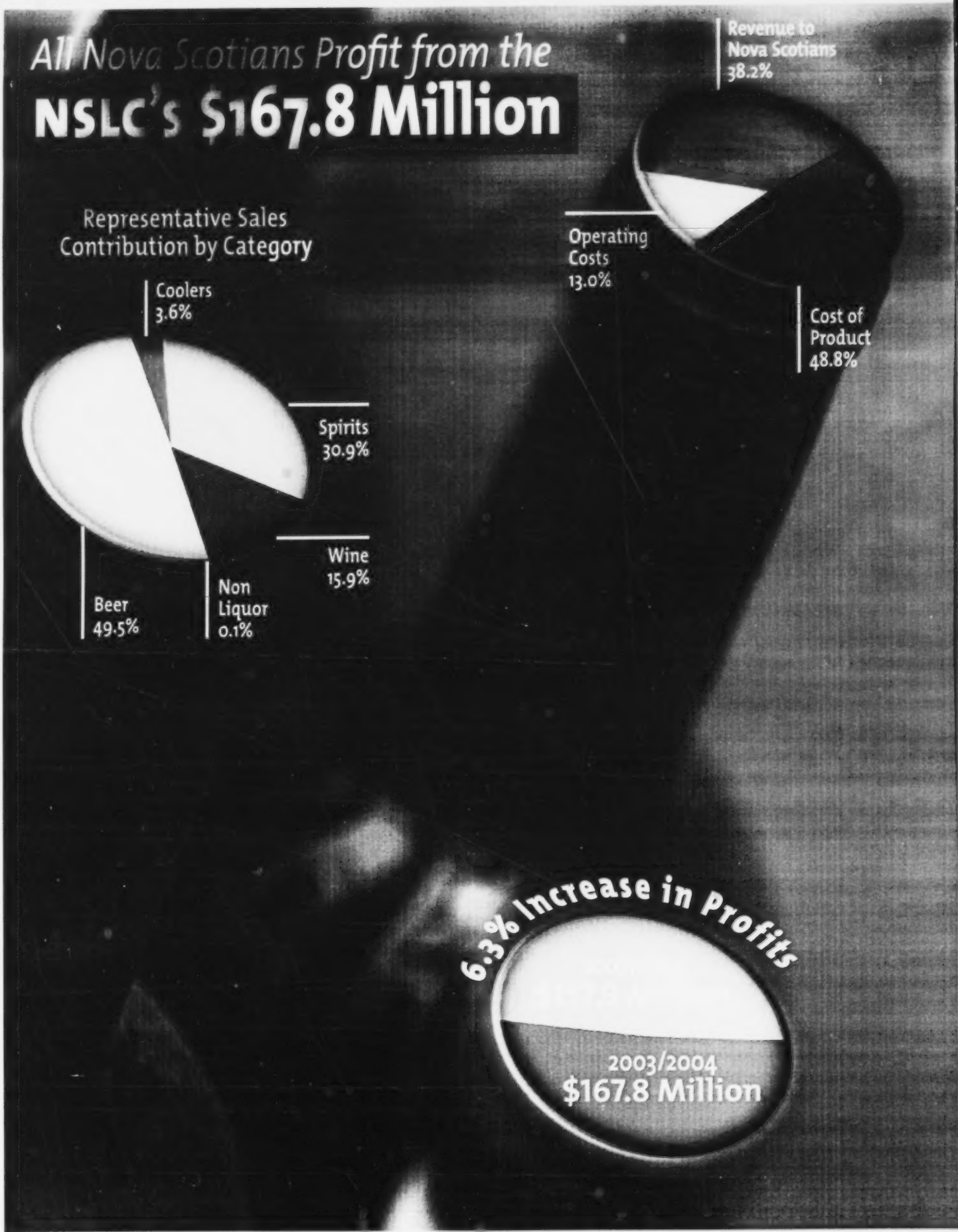
Have you been to our new liquor stores or newly-renovated stores? If you haven't you're in for a treat. Come on in and take your time – we're confident you'll like what you see.

We also will be soon introducing a magazine filled with useful product information, entertaining ideas, recipes and other joys of being a Nova Scotian.

All this work has been done to underline the fact that we are changing the way we operate, the way we serve our customers and the Nova Scotia public. The more we innovate, think in a different manner and serve our customers better, the greater the benefits to us all.

Enjoy. We hope to see you soon in one of our stores. Be sure to tell us what you think of our new look and outlook.

All Nova Scotians Profit from the NSLC's $167.8 Million



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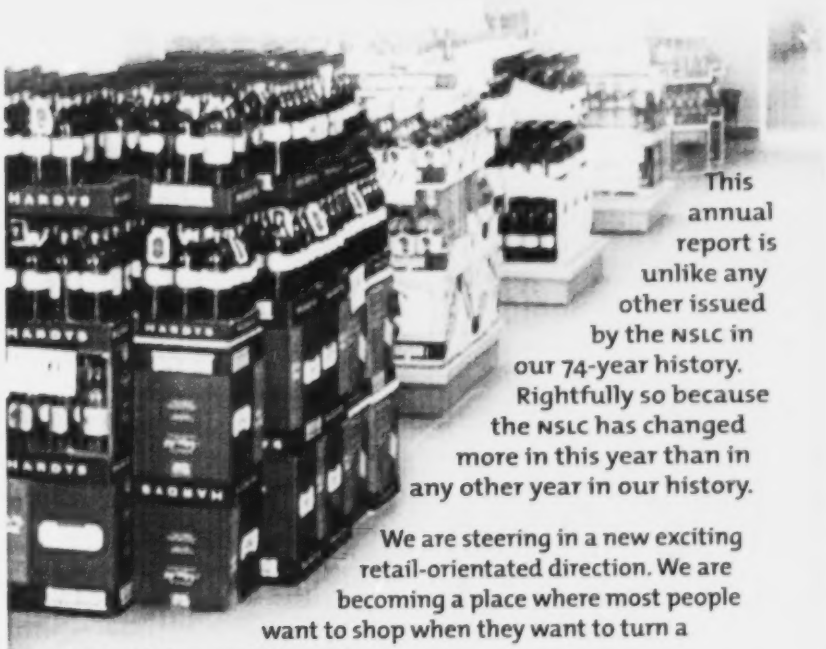

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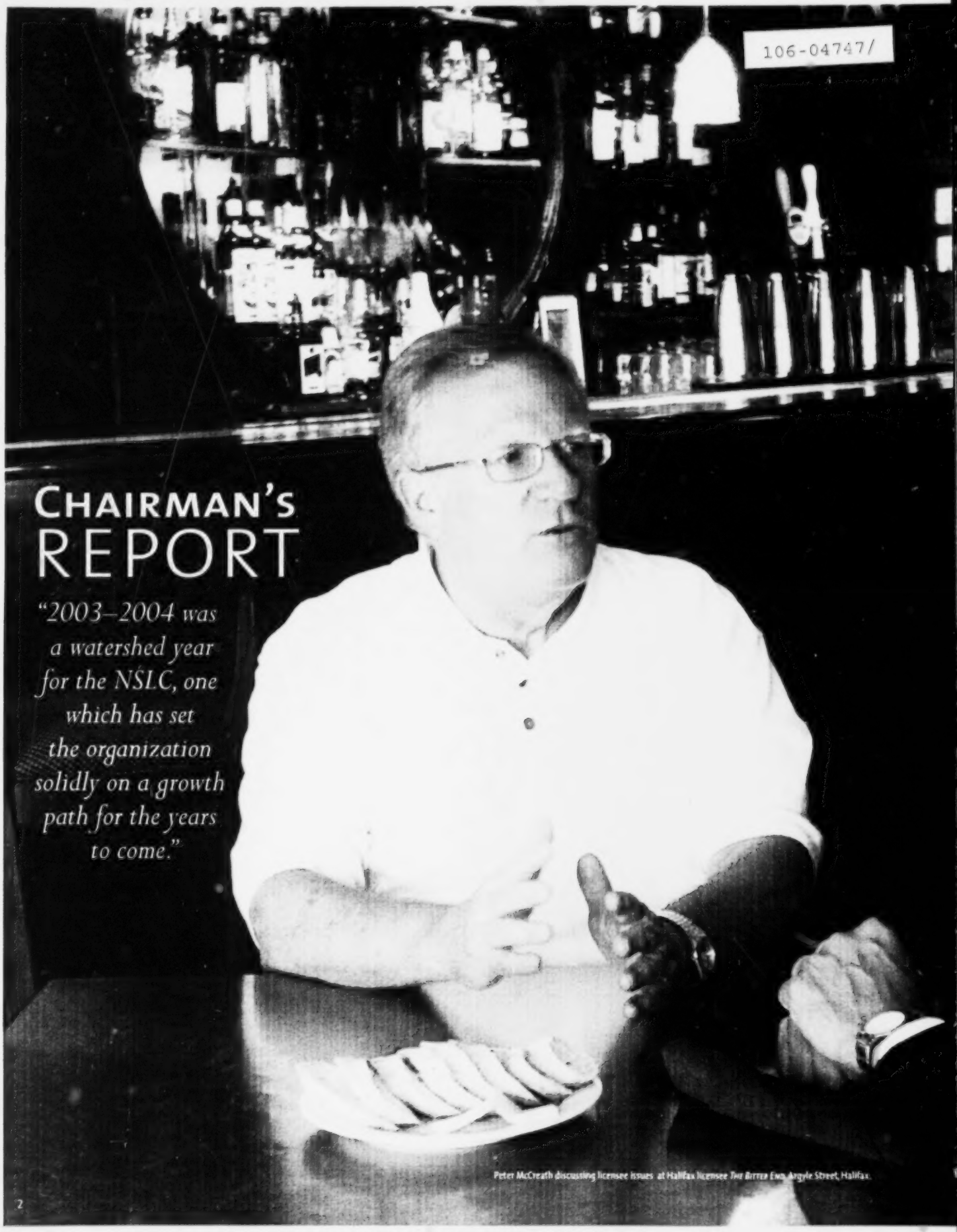
CHAIRMAN'S REPORT

"2003–2004 was a watershed year for the NSLC, one which has set the organization solidly on a growth path for the years to come."



Peter McCreath discussing licensee issues at Halifax licensee *The Bitter End*, Argyle Street, Halifax.

The Board is convinced that the corporation's financial success flows directly from sound, strategic business thinking and well-managed execution. The business goal of transforming the NSLC from its historic role as a government distributor of beer, wine and spirits to a modern, world-class retail business driven by customer needs and shareholder return is certainly delivering results in the short term. But more important, we believe, is positioning the corporation to deliver solid growth and increasing returns into the future.

We are aware that many of the Board's decisions are public ones and subject to the scrutiny of observers. We point out, however, that while Board decisions may be controversial, the Board has been resolute in acting in a fair-minded, transparent and forthright manner so as to safeguard the integrity of the organization and its business goals.

Key to the business strategy is having the latitude to do what must be done to satisfy the most fundamental operating need of a world-class retailer – to understand, anticipate and respond to the needs of the consumer.

In terms of key consumer dimensions such as product selection, variety, convenience and value, the corporation made significant strides last year, increasing the store assortment by 30 per cent, vastly improving our stores including the introduction of cold rooms for beer and coolers, and continuing to add the many benefits of store-in-store convenience with grocery retailers. Transactions and visitations showed marked increases across the network. Our important consumer report card – the Customer Satisfaction Index – also reported over the first year of our survey that seven out of every ten customers rate their satisfaction with the NSLC as a nine or better out of ten. This puts the NSLC into the highest levels of satisfaction that are achieved within retail organizations in North America.

The Board is pleased with and takes pride in the new management team now in place, with their extensive private sector experience, to guide the organization

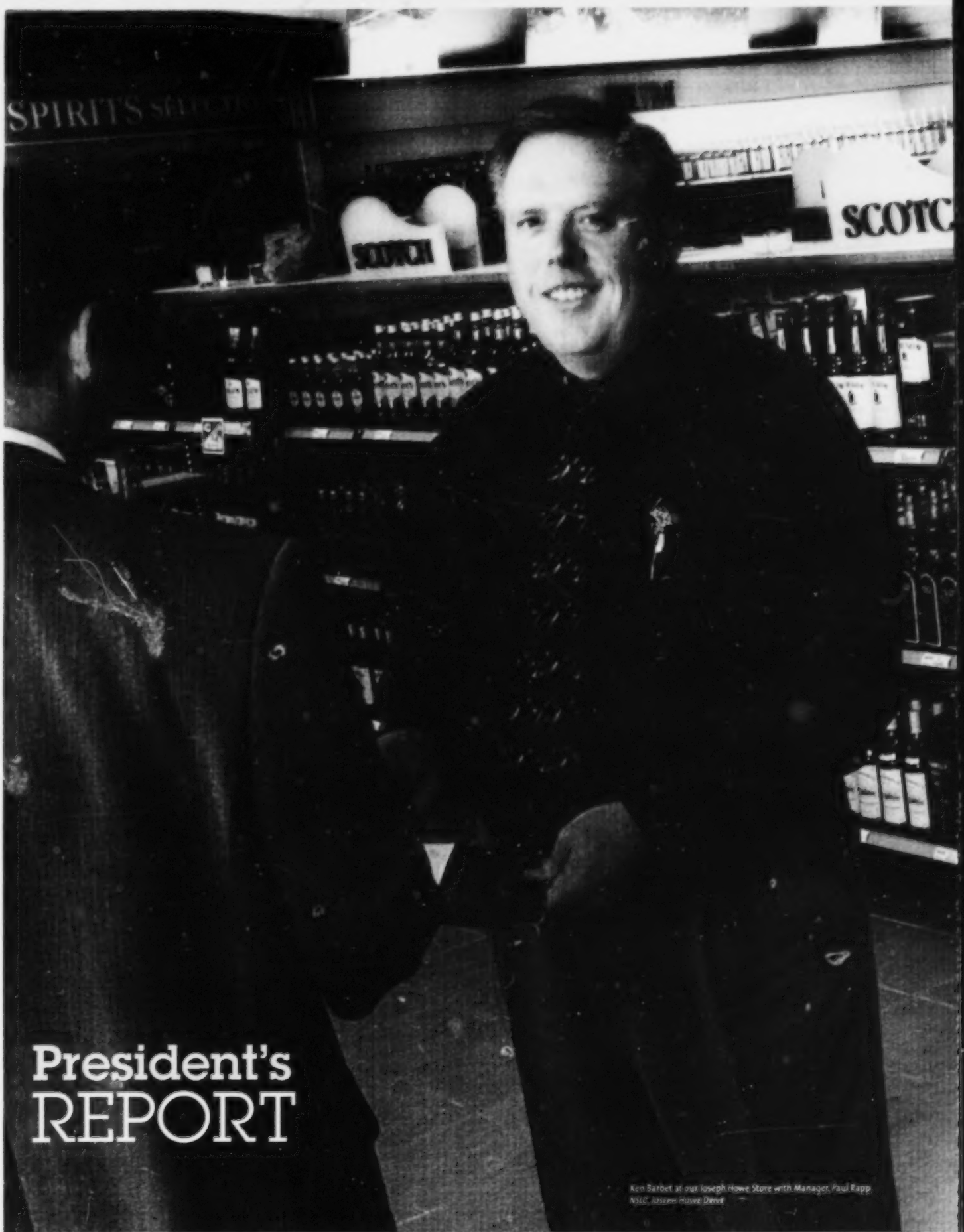
We are aware that our customer-focused approach to our business can occasionally present challenges to local leaders in some communities. We attempt to be sensitive to the concerns of local leaders. At the same time, our legislated responsibilities are to our stockholder and to our consumers, who are also the people of Nova Scotia. Our business strategy is research-based; our intent is to meet the wishes and aspirations of our customers.

Initial response to the changes we have begun, including to our store network, very much meets the expectations of our customers – as our business results would indicate. The Government's decision in 2001 to give the NSLC a mandate to operate as a retail business is the driving force behind the NSLC's new approach to retailing beverage alcohol. The support of the Government as we go through these changes has therefore been essential to the success to date. The end result is proving to be continued growth in the returns to our shareholders and increased customer satisfaction.

On behalf of the Board, I wish to thank our Minister for his continuing support. We thank our President, Ken Barbet – recently confirmed in that position by the Government – together with his management team and the full staff of the NSLC for their contribution to making 2003–2004 the most successful year in the history of the NSLC. The Board of Directors moves forward to 2004–2005 with optimism and enthusiasm.

Peter McCreath
Chairman
NSLC Board of Directors

President's REPORT



Ken Barbet at our Joseph Howe Store with Manager, Paul Rapp
NSLC, Joseph Howe Drive

For the NSLC, 2003/2004 was a year of extraordinary achievement

Since September 2003, in my capacity as acting President, it has been my privilege to lead the organization through an extraordinary period of change on the path to a new and sustainable future. This future is focused on transforming the NSLC from its role as a distributor of beverage alcohol to a modern retail business.

An organization whose employees began to embrace the challenges and the requirements of a new, consumer-first culture.

An organization that effectively began to respond to the leadership of a new senior management team that itself had to learn to work together and which it did with commitment and enthusiasm.

An organization that earned the trust of the NSLC Board of Directors that, in turn, provided management its full and unqualified support.

Concurrent with these challenges, the corporation recorded net income for the year ended March 31, 2004 of $167.8 million – a 6.3 per cent increase over the year previous and 0.6 per cent ahead of the targeted net income for the year. The gross volume of product sold exceeded 760 thousand hectolitres for the first time in the corporation's history.

Why were we so successful? Essentially, because of the strength of the NSLC's forward-thinking strategic plan to transform the corporation into a modern retail business. This single-minded focus on the business empowers the NSLC to meet every challenge with strength and confidence.

We increased product listings throughout our retail network by 30 per cent last year. We nested the new listings into a retail store environment that began to look and feel more consumer friendly. The products themselves were identified, in part, on the strength of new lifestyle consumer research being conducted by the NSLC into the needs, wants and preferences of our consumers.

The new listings, their in-store assortment and rotation were aligned in 2003/2004, subject to a comprehensive Category Management strategy that uses research, trend analysis and demand forecasting to anticipate consumer tastes. The results were clear and immediate in all four product categories: Coolers increased by 16.1 per cent compared to the year previous; wine sales increased 14.5 per cent; beer sales increased 5.5 per cent and spirits increased 2.8 per cent. Locally produced products also increased their share of shelf and volume in 2003/2004. The NSLC was pleased to support the first-ever Nova Scotia Wine Symposium during the year, which brought together vintners from across Canada to discuss how to further develop our local industry.

A world-class retail business needs a management and control system that integrates point-of-sale, ordering, distribution and administration. It needs a technology platform that can cope with the volume of business generated by more than 18 million customer transactions to our retail network – up 1 million from two years ago. Accordingly, the first stage of a three-year technology and systems upgrade began immediately. The capacity and efficiency of the NSLC central distribution facility in Bayer's Lake was increased by more than 30 per cent, introducing sophisticated wireless technology and bar-coding as part of new warehouse management protocols. Licensee orders, store shipments and inventory management improved productivity and accuracy as a result.

Management and staff worked diligently to upgrade both our wholesale and retail networks in 2003/2004. On the wholesale front, we appointed staff dedicated to servicing the needs of our 1,800 licensees, who collectively account for approximately 18.1 per cent of our business, or $79,600,000. The corporation is well-positioned to grow this business on the strength of improved ordering, greater selection and an improved understanding of the customized needs of this specialized business segment.

Our retail network continued to transform in a particularly visible way on the strength of a strategy of improvements in right-sizing and right-locating our stores to maximize consumer convenience. Seven new stores were either opened or relocated in 2003, increasing retail space and introducing new cold rooms, where customers can buy cold bottled beer and coolers. All were adjacent to Sobeys and Atlantic Superstores adding increased convenience for our customers and substantial sales increases for our financial performance. Our customers can expect to see substantially more new stores in our network over the coming year.

We are proud to be introducing a much-needed new brand for the company that better reflects our retail focus. It is featured prominently in this annual report.

The much-needed investments in technology, systems and store expansion were carried out while maintaining our Net Operating Expense ratio of 12.3 per cent, which is a credit to the entire organization.

On behalf of the management team at the NSLC, we look forward to continuing to meet the challenges that lie ahead as the NSLC reconfigures itself into a dynamic, world-class retailer. We are confident that the systems and processes within the NSLC are stronger and more capable of supporting a consumer-tuned organization. We remain committed to meeting or exceeding the financial goals expected of us by the Government of Nova Scotia in 2004/2005.

Ken Barbet
President and CEO

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About YOUR COMPANY

From distributor to world-class re

For 74 years, we have been Nova Scotia's purveyor of beer, wine and spirits. We are owned by the Government of Nova Scotia and we are responsible to taxpayers for profits that are re-deployed by the government for the benefit of all Nova Scotians.

That's what the NSLC has always been. However, any similarity between the NSLC of the past and the NSLC of the future begins and ends there.

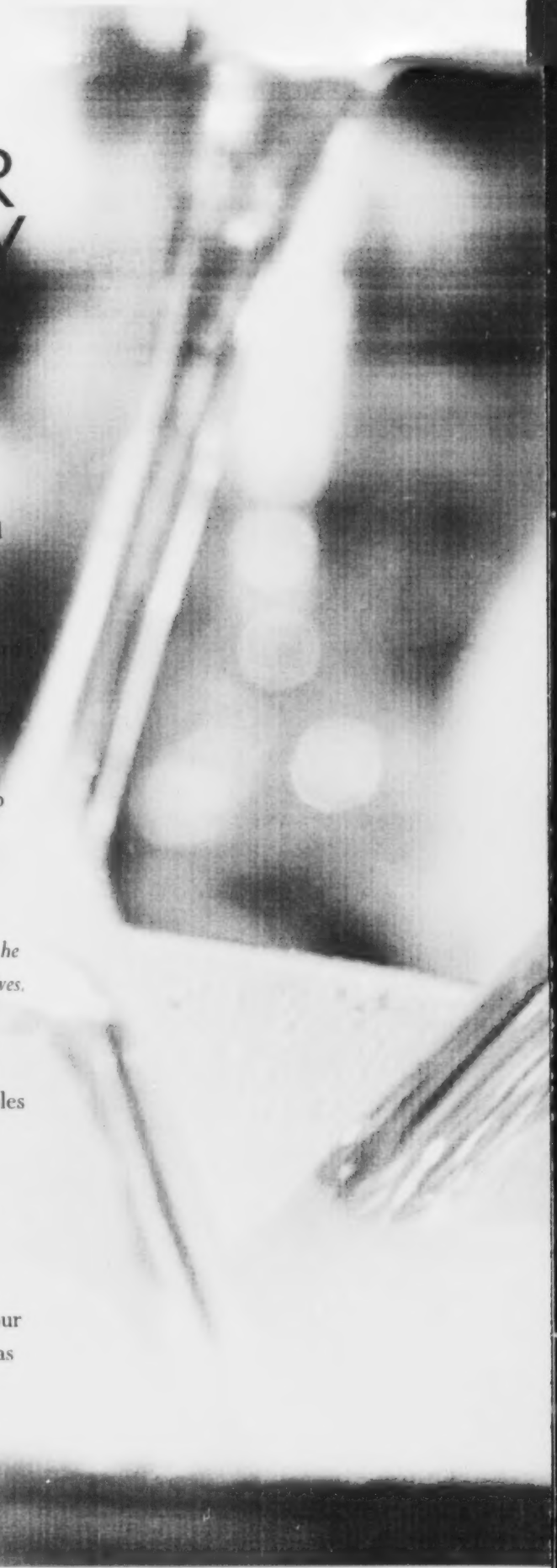
The NSLC returned a record profit in fiscal 2003/2004 of $167.3 million, an increase of 6.3 per cent from the year previous on record volume of 760,155 hectolitres. While management and staff are proud that the corporation exceeded forecast in 2003/2004, we are no longer content to passively manage our franchise.

The NSLC is a corporation in transition. 2003/2004 was the next step in the corporation's continuing transformation from distributor to a world-class retailer. At the heart of this transformation is a single-minded thought and it is this:

> *The new NSLC will be one in which the needs, wants and expectations of the consumer are the core principles around which the entire corporation evolves.*

This is a major transformation of an organization that began as a means to control and limit the distribution of beverage alcohol in 1930. The revolution to world-class retailing standards and principles is absolutely essential if the corporation is to continue to deliver on its profit goals into the future. This is a transformation in both culture and behaviour and, even now, it is clear that every level in the corporation is beginning to think and act differently.

We know that it will take time and effort to get it right. However, the Board of Directors, management and staff are unequivocal in our commitment to the challenge. As stewards of the transformation, as strategic executive managers of the process and as dedicated and enthusiastic employees who are the real-life/real-time consumer face of the new NSLC, we serve notice that the change has begun.



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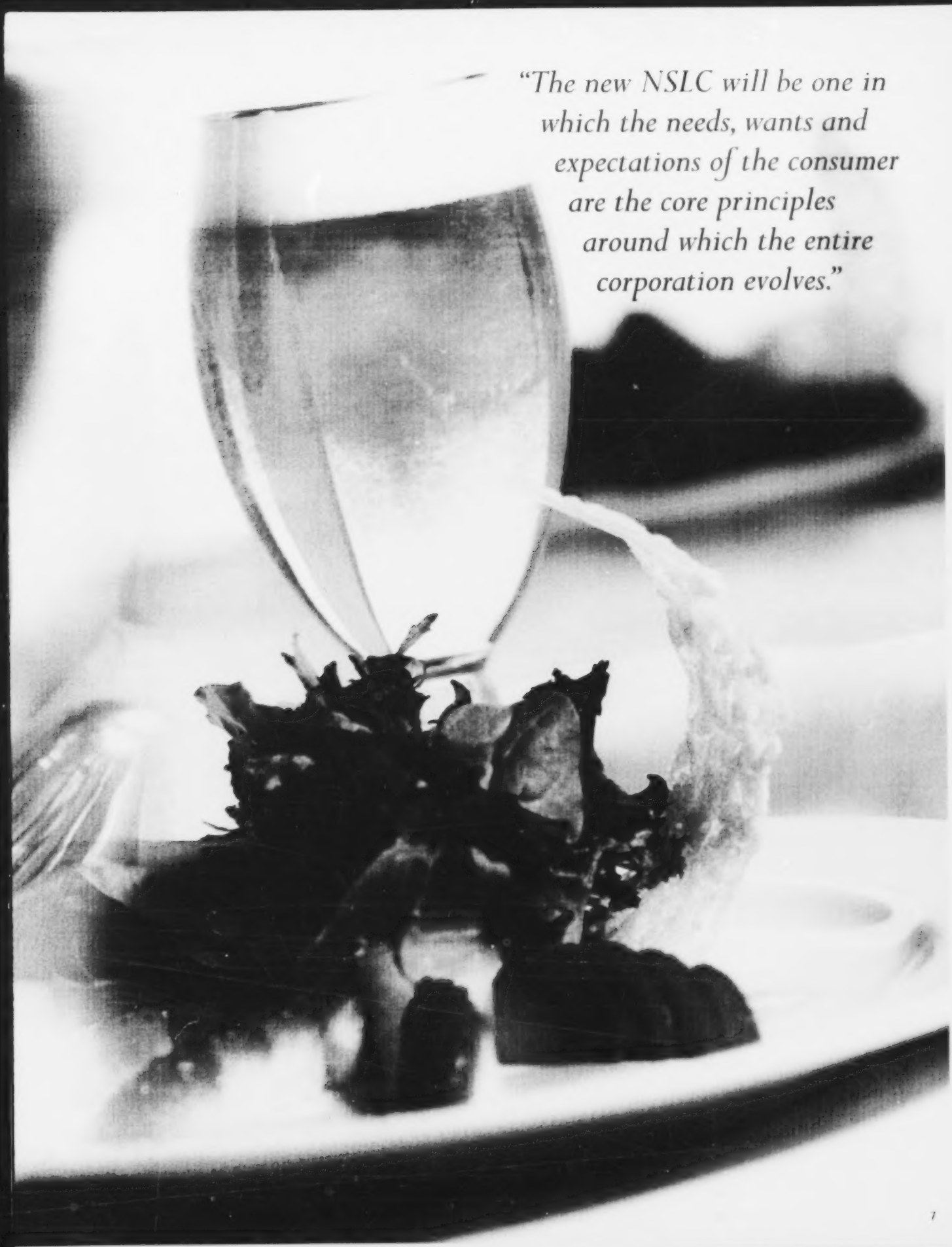

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RUM
RUM
GIN
BRANDY
BEERS O
CANADIAN
$1.99
$1.99

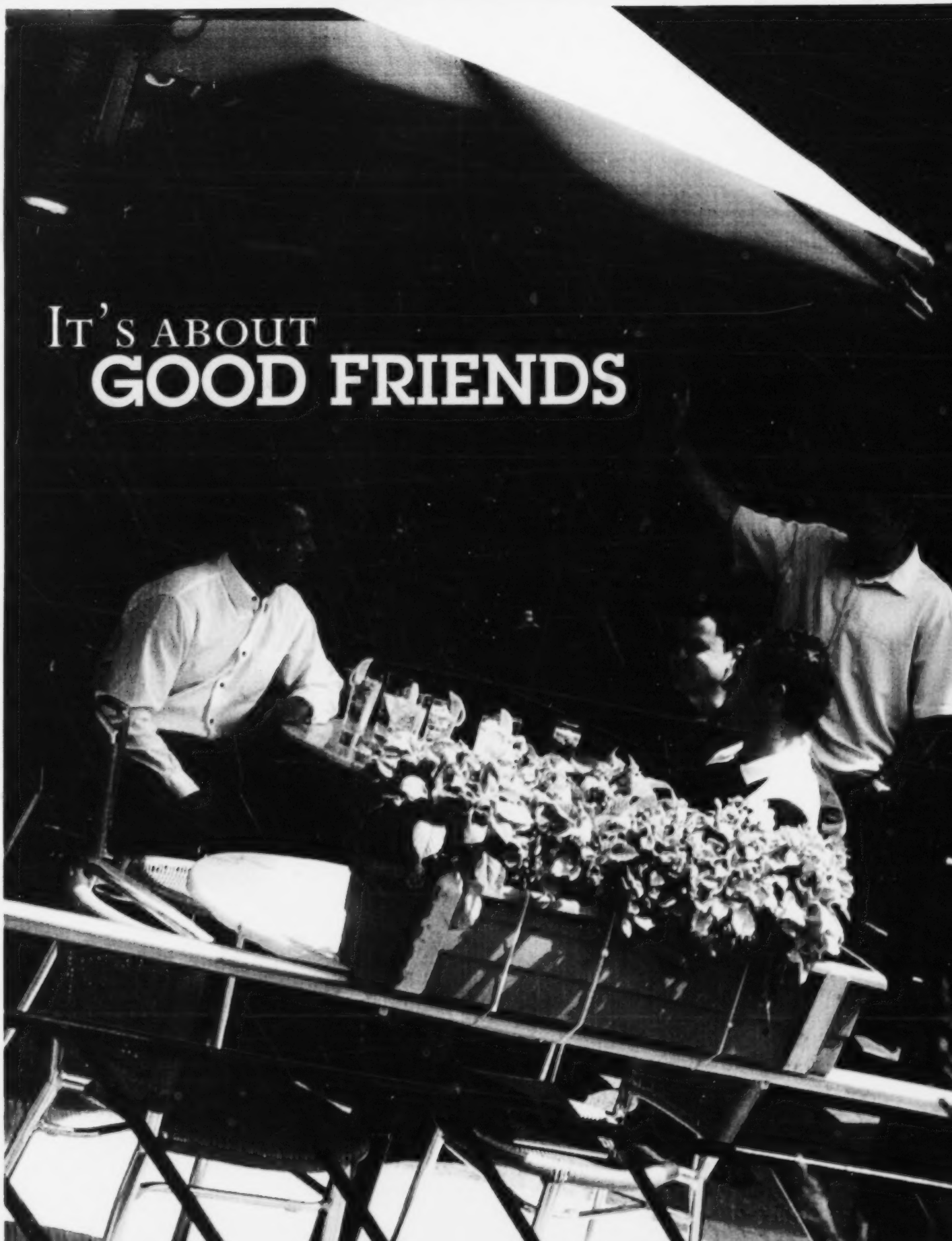
It's about discovery

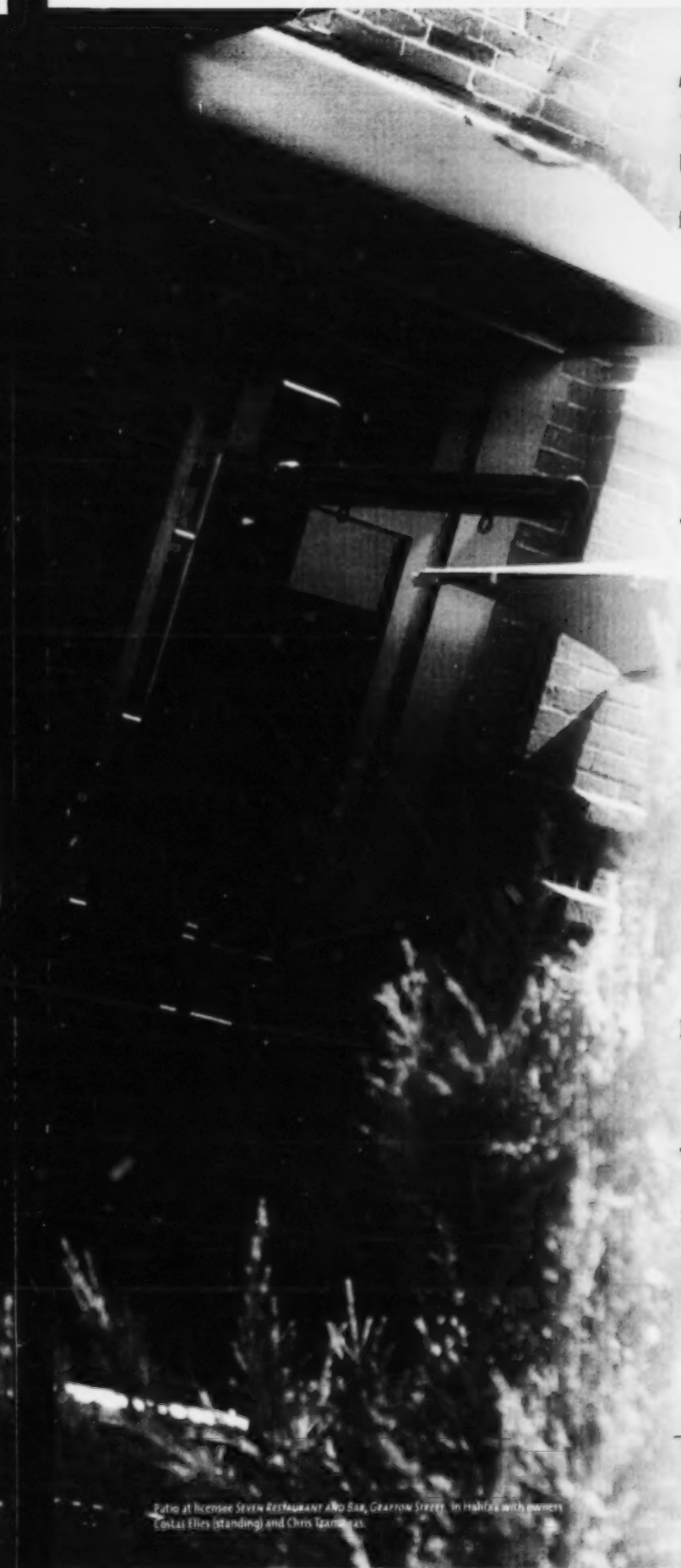
As any successful retailer knows, consumer needs, wants and preferences are unique mixtures of brand, product and service attributes. When we discover a product that satisfies an unmet need – taste, cost, look, history, usage, familiarity – the experience can be truly rewarding. At the NSLC, our Category Management strategy provides the navigating tools by which we satisfy the needs we know about, as well as those that count as discoveries and it is key to our transformation.

Beer accounted for just under half of our total sales in this past year. In addition to traditional ales and lagers, the NSLC listed no less than 50 brands of specialty beer last year, compared to 12 three years ago. The new taste, history and pedigree discoveries that are integral to enjoying these fine, premium beers have helped drive the specialty beer category in Nova Scotia beyond 7% of beer purchases where three years ago, they represented less than 1 per cent.

Our Beers of the World™ program is an unqualified success that starts with understanding the consumer and then carrying the insight through with wonderful product sourcing, pricing, in-store merchandising and product knowledge. The NSLC's single-serve sales approach in the Beers of the World™ category, for example, answers the consumer desire to experiment with new tastes and new beer occasions – like dessert – by assembling single-bottle assortments according to their own taste for discovery.

We are proud that the NSLC's Beers of the World™ program has been the best-practices model for similar strategies in Central and Western Canada.


IT'S ABOUT
GOOD FRIENDS



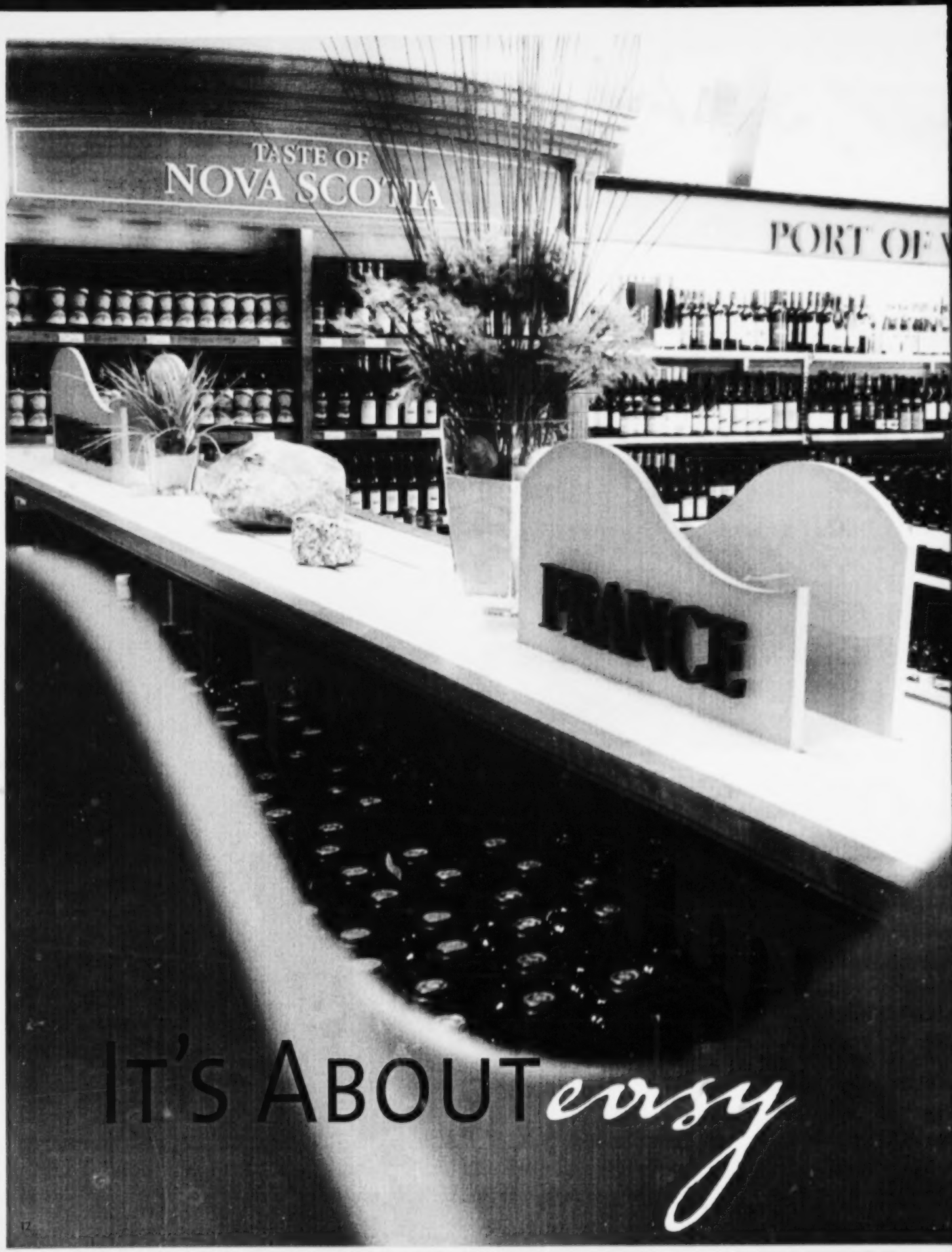
Patio at licensee *Seven Restaurant and Bar, Grafton Street*, in Halifax with owners Costas Elies (standing) and Chris Tzamouras.

The NSLC is a player in a very sociable business. Sociable used to mean a having "enough cola for the rum" on hand. Not anymore. Eighteen months of gathering and evaluating consumer research showed us just how rich and varied Nova Scotia lifestyles are and how our products might fit into our customers' lives in different ways.

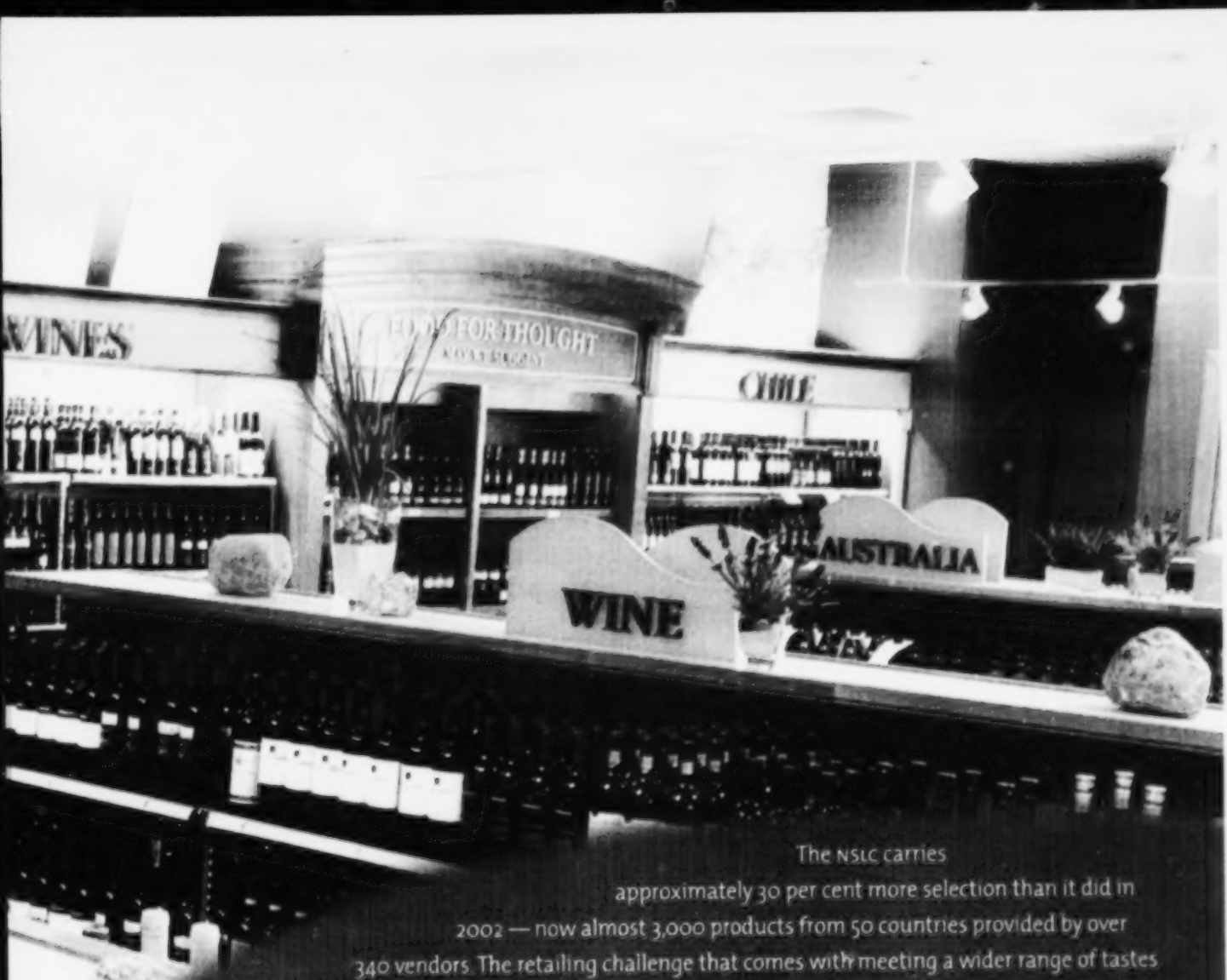
Friends get together to share stories and experiences. Possibly a wonderful moment to share a new specialty rum, one of more than 55 rums identified to be rotated through NSLC stores in 2003/2004, many designed to be sipped neat (without mix), complete with a history and a pedigree as rich as any single malt scotch.

If that rum were to be *enjoyed* on the South Shore, by the way, it would likely be dark. Probably a white rum in Cape Breton and a good chance it would be amber in Halifax. That's just the way we are.

The Rum Shop strategy was finalized and launched in 2003/2004. The "Caribbean Passports" to unique and legendary rums that was developed to accompany these products, are integral to the knowledge and discovery experiences that Nova Scotians enjoy – from *kitchen parties* to the satisfying reflections that follow a good meal.



IT'S ABOUT *easy*



The NSLC carries approximately 30 per cent more selection than it did in 2002 — now almost 3,000 products from 50 countries provided by over 340 vendors. The retailing challenge that comes with meeting a wider range of tastes and needs with expanded choice is clear: our customers need to find it easy to park, easy to locate a preferred brand and easy to enjoy a satisfying, convenient shopping environment, or our customer will never get past three or four favourites, let alone a richer world of opportunity and discovery.

That's where our transformation to world-class retailing enters retail space. A store development plan was approved in 2003, targeting a total network transformation over three to four years. New concept stores, renovated full-service stores and relocations have just started to alter the retail landscape in Nova Scotia. Our store strategy that combines high-traffic grocery stores and NSLC stores continues to flourish. There are now 18 NSLC stores with direct access, or adjacent to, grocery stores. Right-sized stores, in the right locations, with the right mix of product, service, knowledge and ambiance will allow the NSLC to deliver on its store development mission of getting to market faster and smarter.

The strategy works and is paying immediate dividends. A south shore location was relocated from a 1,900-square-foot mall store to the new concept, re-merchandised 2,500-square-foot location, and year over year sales improved 43 per cent. A Halifax location was relocated first from a mall stand-alone, to a grocery adjacency, and subsequently scaled up to a new concept store-in-store outlet. The new store is doing more than double the business of the original, located less than 200 yards away.

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NEW TASTES & GOOD FOOD

Tastes in well, everything change. Pizza to pasta to paté. Cut-offs to chinos. Beaters to Beemers. Rap to anything else.

NSLC lifestyles research gives us a sense of that process. That, in turn, gives us a fix on what we need to be, what we need to do and what we need to offer to keep pace. Even better, to stay one step ahead of the pace whenever we can with additional insights from shopping the world for product with our-vendor/partners.

Nova Scotia's per capita consumption of wine outpaced every other Canadian province in 2003/2004, increasing by 9 per cent over 2002/2003 and contributing to a strong increase of 14.5 per cent in wine sales. Most of that growth came as a result of the corporation's capacity to understand and anticipate changing tastes and to deliver product accordingly. Our Category Management Strategy for wines includes a "Ladder Plan" that has had a clear impact on the range and depth of listings across the retail network, including our Port of Wines stores.

The Ladder Plan invites the consumer to enjoy wines at an Entry Level, an Occasion Level and a Premium Level. Each level is rich and varied with price ranges that ladder up with each level. Each level contains a sense of discovery and a reassuring element of familiarity as to brand and appellation. The strategy recognizes that food pairings become increasingly important as one's wine appreciation grows and as one's palette and lifestyle needs become more complex and diverse.

The store-in-store concept with grocery retailers is a natural and deliberate complement to the Wine Category Management strategy, making convenience and food pairing central to the new NSLC retail strategy.

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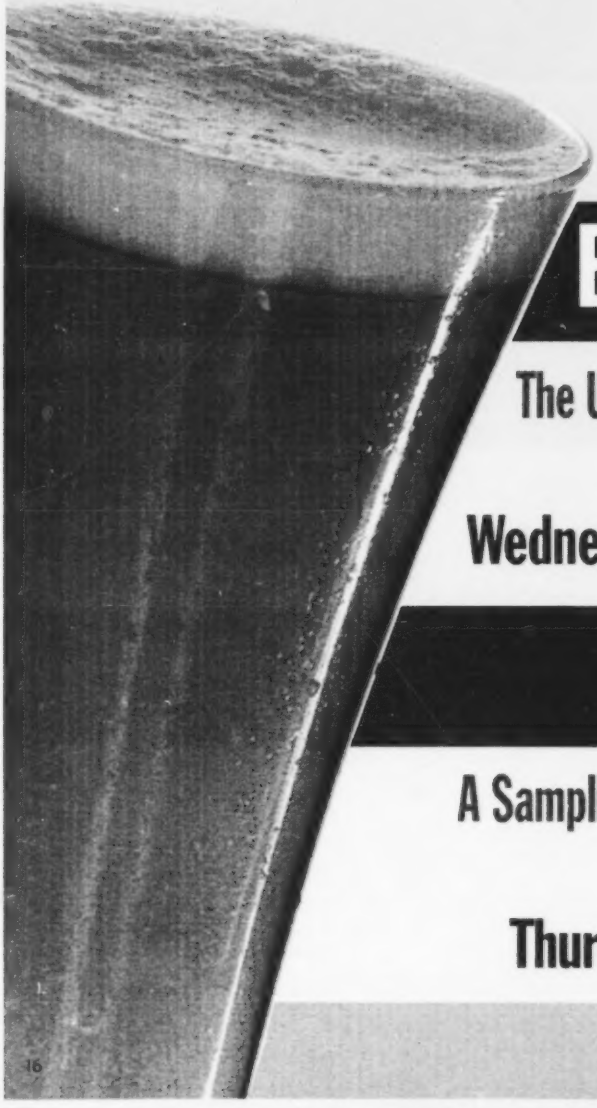
NSLC'S

BEER GALA

Taste the Finest Specialty Beers in the World



Brewmaster's Dinner

The Ultimate Belgian Beer and Food Experience

Casino Nova Scotia, Schooner Showroom, Halifax

Wednesday, August 18th, 2004, 7 – 10 pm

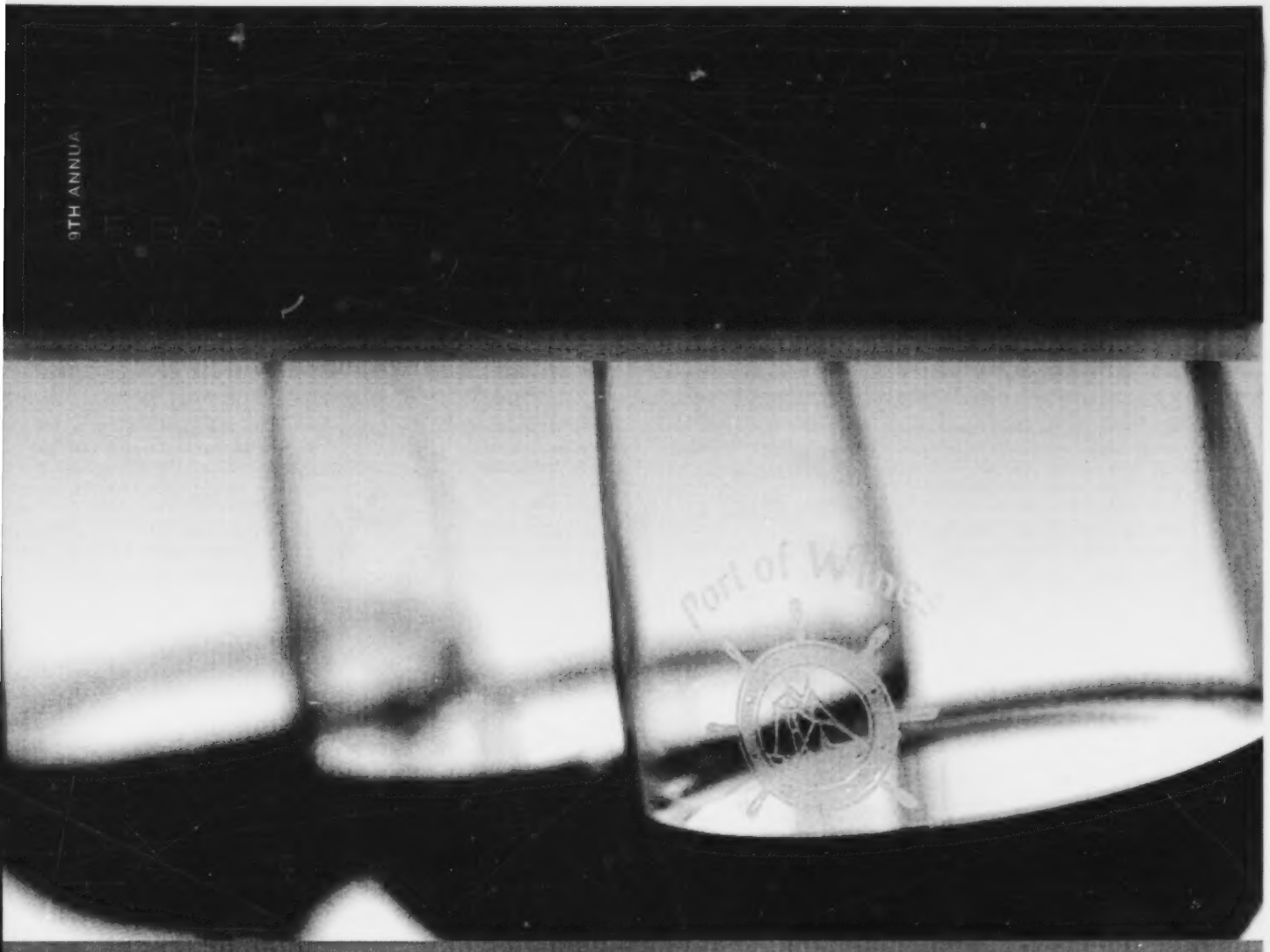
Gala Tasting

A Sampling of the World's Finest Specialty Beers

Casino Nova Scotia, Schooner Showroom, Halifax

Thursday, August 19th, 2004, 7 – 10 pm

www.nsliquor.ca



Wine Makers Dinner

A gourmet meal featuring fine wines from this year's Festival

Thursday, November 11, 2004

Festival Tastings

Taste more than 250 of the finest wines from around the world!

Friday, November 12, 2004

Saturday, November 13, 2004

World Trade & Convention Centre, Halifax, NS

All prices include taxes. Attendees must be 19 years of age or older.

Tickets on sale now! Available at select NSLC locations or by calling 1-866-605-8269

NSLC BEER • WINE • SPIRITS

NOVA SCOTIA LIQUOR CORPORATION

co-sponsors

The ChronicleHerald

Gardenway

OUR NEW Look

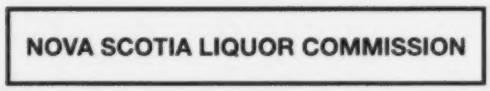
The visual design of our stores, the uniforms our employees wear and the logo and signage of the organization are a reflection of the organization's values, goals and business strategy. In our 74-year history, the NSLC has not had a comprehensive strategy in managing its brand. As part of our new approach to the business we are introducing a new identity for the NSLC.

Conscious of the importance of the sea to our maritime culture, our new identity both inside and outside the store makes important elements of our province and culture the cornerstone of what you see. Inside customers will find images of Nova Scotia throughout the store as well as regional influences drawn from our coasts, our forests and our unique destinations. Locating the products customers seek is now much easier then ever before and the stores have more space and clear signage.

LOGOS

'30s	'40s	'50s	'60s	'70s

SIGNAGE



At our inception in 1930 to the late '60s, a period of 40 years, we used the provincial crest. This was fitting because the NSLC was a control arm of the Government of Nova Scotia.

In swung the '70s and the Commission had its own logo designed, which incorporated the Nova Scotia flag, our NSLC letters and even a bit of the Atlantic Ocean.

Our logo and exterior store signage is also changing. The Nova Scotia Liquor Corporation will now be branded as the NSLC and all exterior store signage will reflect this new approach. Important to this strategy is the addition of Beer, Wine and Spirits to our signage, which ensures all customers from here and tourists understand what to expect from their shopping experience.

Our new logo reflects the importance of the sea to our community by incorporating a stylized wave in its design. In addition the colours used in the logo add further character to our identity by using the colours of the province – blue and yellow – and the colours of grapes to reflect our business.

This new logo will be found on everything we do from stationery and advertising to store uniforms and signage. We hope you feel as strongly that our new identity reflects the new NSLC shopping experience as we do.

Throughout the NSLC's 74-year history, the organization has had numerous logos and store signage designs. Rarely have they been the same. The chart below shows the evolution through the decades of both our logo and our store signage.

'80s	'90s	2000-2004	Present
Nova Scotia Liquor Commission	THE NOVA SCOTIA LIQUOR COMMISSION 65	NOVA SCOTIA LIQUOR CORPORATION	NSLC BEER • WINE • SPIRITS
	NOVA SCOTIA LIQUOR COMMISSION		
	LIQUOR STORE		NSLC BEER • WINE • SPIRITS
In the '80s and early '90s, all government departments, including commissions, used the Nova Scotia flag and department name. Uniformity prevailed! While celebrating our 75th anniversary in 1995, the NSLC commissioned a new logo. The design was that of a champagne cork with NSLC branded on the cork, along with the inclusion of the words Quality and Service circling the perimeter. The logo lasted three years. In 1998, the champagne cork was popped and our familiar logo with the ship and nautical feel was created and adopted for use by the Commission. The same logo was also used for the Port of Wines store and Port of Wines Festival brand.	In 2001, the NSLC became a Corporation and our logo had commission removed and replaced with corporation.	In the fall of 2004, the NSLC officially launched our new corporate brand. The new design was chosen because it portrays us as we are today and where we want to be in the future, namely, a modern, progressive, world-class retailer. The colours picked for our new logo projects the image of fun and entertaining and reflects both the province and the products we sell, along with the maritime nature of our community. We think we have a great new fit with the new design. For the first time our logo and store sign will be the same.

Management DISCUSSION AND ANALYSIS

The following is a review of the significant conditions, events and circumstances that had a bearing on the organization's performance in fiscal year 2003/2004.

On many levels, this past year was devoted to building the foundation on which the NSLC vision to be a world-class retailer will be built.

The NSLC is instilling a customer-first culture across the organization because our strategic goals and earnings targets require it. As a crown corporation from which increasing and sustainable profit is expected, a customer-first orientation has made it essential to invest in technology, convenience, service and product selection and to re-think our retail network.

The NSLC operates in a mature industry in Nova Scotia. More than 90 per cent of the province's population lives within minutes of NSLC retail outlets. Where growth might have meant expanded distribution through more stores in the past, this strategy is simply no longer sound. Earnings growth for the NSLC requires new approaches to the business; a focus on customer expectations; and a realignment of the management discipline and systems consistent with those of a world-class retailer.

IMPACT OF STRATEGY ON PERFORMANCE

Sales volume in 2003/2004 increased by 4.0 per cent over the year previous, exceeding 760,000 hectolitres for the first time. Overall growth is attributable to an emphasis on product selection, being more attuned to consumer demand, and successful merchandising and marketing efforts by the NSLC and its beverage alcohol suppliers.

The NSLC's Category Management created growth in volume and gross sales in each of our four categories: beer (+ 3.1% volume/+5.5% sales), wine (+10.2% volume/ +14.5 % sales), spirits (+3.2% volume/ +2.8% sales) and coolers (+14.4% volume/+16.1% sales).

Significantly, product selection expanded from approximately 2,000 SKUs last year, to approximately 3,000 SKUs in 2003/2004. Many of these were higher margin, premium products introduced to meet consumer demand that category managers were able to anticipate with the support of our partners and through NSLC's new lifestyles research. Inventory balance at March 31, 2004 was $31 million, compared to $26.8 million last year, reflecting increases in both the value and volume of product in the system.

The Beers of the World™ and Rum Shop programs continued to do well. Nova Scotia now ranks 4th in rum, 7th in spirits overall, in Canada. The NSLC now stocks more than 50 SKUs in specialty beers alone, up from just 12 three years ago. Products cycle through the retail network to maintain variety. Where specialty beers once accounted for less than 1 per cent of the market, they now account for 7 per cent.

Expanded assortment, improved in-store merchandising and product knowledge, store assortments customized to satisfy regional differences, and – in new stores – complete new layouts, has lead to extended store visits. This has been particularly important to our wine business, which experienced the strongest year-over-year increase. Wine consumers have a desire to expand their knowledge and taste experiences and the NSLC laddering strategy meets that need as it moves from 'Entry' level, through 'Occasional' to 'Premium' wines. Nova Scotia's annual wine consumption is now 6.5 litres per person, up from 5.9 litres per person a year ago.

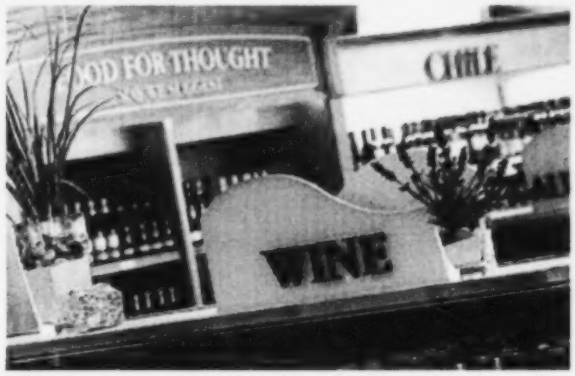
The NSLC retail network is an integral element of corporate goals and consumer strategies. It accounted for 81.9 per cent of gross sales in 2003/2004, slightly higher than last year. We continue to make our locations more convenient and productive. We continue to make it easier for our consumers to have a single shopping experience and we will benefit from leveraging the natural pairing of wine, beer and spirits with food and sociability.

We continue to groom the network to ensure the right-sized store in the right location, meeting the NSLC's goal to "get to market faster, smarter." We added 34,654 square feet to the retail network in 2003/2004. All of the new space was either new construction or renovations adjacent to grocery retailers.

This is consistent with the corporation's store-in-store development strategy that will see the NSLC ultimately minimize our involvement in the real estate business and focus on our core retailing and distribution strengths. These partnerships allow facilities to be expanded, relocated or renovated at a significant savings in both capital costs and base rents.

IMPACT OF OPERATIONS & SYSTEMS ON PERFORMANCE

Management has achieved or exceeded its performance targets for 2003/2004 by ensuring that goals and objectives at the consumer level and at retail have had parallel achievements operationally.



As a result of the changes made this year, the productivity of the NSLC's central warehousing facility in Halifax is anticipated to increase by 30 per cent in 2004/2005. New racking and inventory management systems employ bar-coding and hand-held computer technologies to inventory, manage and ship product accurately and efficiently. Order accuracy has improved to 98 per cent, a 10 per cent increase. Warehouse capacity has improved by 30 per cent compared to one year ago. Inventory integrity has also improved, resulting in greater stock level reliability and increased inventory turns. The full effect of these changes will be felt in 2004/2005.

Warehouse operations and inventory integrity will continue to improve in step with concurrent upgrades in the NSLC's information technology platform, which began a three-year upgrading program in 2003-2004.

Ocean freight represents 40 per cent of all shipments received by the NSLC. Ocean freight costs were reduced in 2003/2004, and will result in substantial savings in future years. In order to further contain inventory costs, the NSLC began making preparations with local carriers to move towards just-in-time delivery. In 2003/2004, the NSLC began to evaluate carriers against on-time deliveries and to hold shippers to account for accurate and reliable stock shipments. Again, the full effect of these changes will be felt in 2004/2005.

We began consolidating local shipments to [illegible] network in 2003/2004, resulting in fewer shipments, increasing full loads and reducing costs.

NSLC management approved a three-year information technology strategy that began implementation in 2003/2004 with upgrades to head-office computers and the local area network. This has resulted in reduced waiting and faster processing times. An IT disaster recovery plan is now in place.

A move towards a private network linking the retail network to head office and warehouse operations will be undertaken in 2004/2005. This will eliminate the letter and fax reporting protocols now in place and add speed, accuracy and detail to the management information that flows throughout the system. A state of the art data warehousing system will come on stream in 2004/2005.

The IT strategy calls for the use of managed services wherever appropriate in order to maintain the highest levels of systems knowledge without requiring the NSLC to absorb unnecessary overhead, and focus resources where they are most required.

An improved Help Desk was initiated with call/capture capability that allows IT staff to provide more timely and effective responses to store managers, head office and warehouse personnel.

IMPACT OF HUMAN RESOURCES ON PERFORMANCE

NSLC staff continue to be the corporation's strongest asset. Our performance over the past year was due in no small measure to the enthusiasm of our employees and their commitment to the corporation's goals and objectives.

Staff turnover is extremely low. Twenty-nine new store management positions were filled from within, as the NSLC moved concurrently to better match the needs of the job to both the skills and orientation of staff applicants. HR protocol introduced best practices models to shape the nature and content of interviews to further strengthen store management.

Thirty-eight managers participated in store management training programs over 119 training days, engaged in professional development in areas such as merchandising, customer service, product training, cash handling and inventory management and reporting.

Consistent with the product knowledge requirements of a world-class retailer, the corporation worked to instill a culture of training, sales and customer service throughout the organization. A total of 618 NSLC staff participated in 22 in-depth product knowledge seminars in concert with 7 different vendors. This is a program that will continue to evolve in 2004/2005.

IMPACT OF TRANSPARENCY

A modern business knows that delivering its services well is only possible if extensive efforts are made to communicate its strategy and activities to its employees, customers, shareholders and all other interested stakeholders. For this reason, the NSLC began in the last quarter of our fiscal year to communicate proactively and openly in a manner not done before in the organization's history.

We began this process with regular news releases on issues of interest to the public and by releasing internal audit documents, which outline the challenges and changes required in the organization. This new approach is also evident in the accessibility to the media of the executive and the Board Chairman. More interviews and information have been released on the NSLC in the last six months than in any single previous year.

But this is only part of the picture. In order to be an effective retail organization, NSLC employees must fully understand the direction of the NSLC from a product marketing perspective and from a strategic perspective. Our new focus on internal communication with designated staff responsible for this area will begin to yield results in terms of developing this retail culture and ensuring all staff are moving in a similar direction.

The importance of transparency also applies to how we communicate with our customers. Our research has shown that our customers are uncertain about what products we are featuring each month since the NSLC's external communication on product information has been very limited. As a result, we have begun to advertise through radio and through increased use of print. We will be expanding these marketing efforts over the coming year to ensure that our customers are well-informed of the product features that interest them before they arrive at the store.

This focus on increased transparency ensures shareholders, customers, employees and other stakeholders are better informed about the NSLC. This in turn, will lead to greater understanding of the organization, create a retail culture, increase sales and provide better service for our customers.

AUDITORS' *Report*

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of
Nova Scotia Liquor Corporation

We have audited the balance sheet of the Nova Scotia Liquor Corporation as at March 31, 2004 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The previous year's comparative figures were audited by another firm of Chartered Accountants.

Grant Thornton LLP

Dartmouth, Nova Scotia
May 21, 2004

Grant Thornton LLP
Chartered Accountants

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BALANCE *Sheet*

BALANCE SHEET

MARCH 31 (IN THOUSANDS)		2004		2003
Assets				
Current				
Cash	$	5,585	$	6,756
Receivables		1,620		2,287
Inventories		30,950		26,815
Prepaids		2,614		2,150
		40,769		38,008
Property and equipment (Note 3)		12,491		11,487
Assets under capital lease, net of accumulated depreciation of $9,853 (2003 – $9,420)		978		1,411
	$	54,238	$	50,906
Liabilities				
Current				
Payables and accruals	$	28,129	$	19,276
Due to Minister of Finance		3,927		9,874
Current portion of obligation under capital lease		558		486
Current portion of employee future benefit obligations		631		985
		33,245		30,621
Obligations under capital lease (Note 4)		6,692		7,250
Employee future benefit obligations (Note 5)		14,301		13,035
	$	54,238	$	50,906

Commitments (Note 6)

See accompanying notes to the financial statements.

On behalf of the Board

The Honourable Peter L. McCreath, PC, MA, FRSA
Chair, Board of Directors

Mr. James G. MacLean, B.Sc., LL.B.
Audit Committee Chair

STATEMENT OF EARNINGS AND *Retained Earnings*

STATEMENT OF EARNINGS AND RETAINED EARNINGS

MARCH 31 (IN THOUSANDS)	2004	% OF SALES	2003	% OF SALES
Net sales	$ 437,143	100.0	$ 412,380	100.0
Cost of goods sold	213,308	48.8	202,806	49.2
	223,835	51.2	209,574	50.8
Store operating expenses	38,095	8.7	36,001	8.7
	185,740	42.5	173,573	42.1
Depreciation and amortization	3,200	0.7	3,787	0.9
Warehousing and distribution expenses	5,013	1.1	4,090	1.0
Administrative expenses	9,857	2.5	9,195	2.2
Other revenue	(4,538)	(1.0)	(4,243)	(1.0)
Other expenses	4,415	1.0	2,878	0.7
	17,947	4.3	15,707	3.8
Net earnings	$ 167,793	38.2	$ 157,866	38.3
Retained earnings, beginning of year	$ –		$ –	
Net earnings	167,793		157,866	
Other adjustments (Note 9)	(1,041)		–	
Distributions to the Province	(166,752)		(157,866)	
Retained earnings, end of year	$ –		$ –	

See accompanying notes to the financial statements.

STATEMENT OF *Cash Flows*

STATEMENT OF CASH FLOWS

MARCH 31 (IN THOUSANDS)		2004		2003
Increase (decrease) in cash and cash equivalents				
Operating				
Net earnings	$	**167,793**	$	157,866
Other adjustments		**(1,041)**		–
Depreciation and amortization		**3,200**		3,787
Increase in employee future benefit obligations		**912**		715
		170,864		162,368
Change in non-cash operating working capital (Note 7)		**3,813**		(9,282)
		174,677		153,086
Financing				
Principal payments on obligations under capital lease		**(486)**		(424)
Remittances to Minister of Finance		**(172,700)**		(154,400)
		(173,186)		(154,824)
Investing				
Purchase of property and equipment		**(2,662)**		(2,239)
Decrease in cash and cash equivalents		**(1,171)**		(3,977)
Cash and cash equivalents, beginning of year		**6,756**		10,733
Cash and cash equivalents, end of year	$	**5,585**	$	6,756

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL *Statements*

MARCH 31, 2004

1. NATURE OF OPERATIONS

The Nova Scotia Liquor Corporation administers the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989, and is a government business enterprise as defined by Public Sector Accounting Board recommendations. The Corporation was created June 1, 2001, by Chapter 4 of the Government Restructuring (2001) Act, via continuance of the Nova Scotia Liquor Commission as a body corporate. The Corporation is exempt from income tax under Section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

Inventories of stock in warehouse and stores are valued at the lower of cost and net realizable value. Customs and excise tax have not been included where payment is due upon shipment from bonded warehouse.

Depreciation

Property and equipment are recorded at cost. Depreciation and amortization are provided on the straight-line basis at the following annual rates:

Furniture, fixtures, portable equipment, other equipment and capital leasehold improvements	10%
Computers – stand-alone	33%
Computers – integrated systems	20%
Land and buildings	4%

In the year of addition, depreciation is charged at the full annual rate.
Land costs which normally would not be depreciated are depreciated due to the retention of proceeds by the Province of Nova Scotia.

Assets under capital lease

Assets under capital lease are amortized over their estimated useful lives using the straight-line method.

Employee future benefits

The Corporation has a Public Service Award Program covering substantially all of its permanent employees. The benefit is based on years of service and the employee's compensation during the final year of employment. This program is funded in the year of retirement of eligible employees.

The Corporation pays 65 per cent of the cost of health care plans for substantially all retirees or surviving spouses of retirees. This program is funded each year by the payment of the required premiums.

The Corporation accrues its obligations under these employee benefit plans as the employees render the services necessary to earn the employee future benefits. The Corporation has adopted the following policies:

- The cost of the benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages and expected health care costs.
- The excess of the net actuarial gain or loss over 10 per cent of the benefit obligation is amortized over the average remaining service period of active employees, which is 11.5 years.

Permanent employees are members of the Nova Scotia Public Service Superannuation Plan. The cost of pension benefits is the responsibility of the Province of Nova Scotia and accordingly no provision is included in the Corporation's financial statements for pension-related amounts. The pension-related assets and liabilities are accounted for in the Public Accounts of Nova Scotia.

Use of estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Financial instruments

The Corporation's financial instruments include cash and cash equivalents, receivables, payables and accruals, due to Minister of Finance and obligations under capital lease. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair value of these financial instruments approximate their carrying values except for the obligation under capital lease. The fair value of the obligation under capital lease was not determinable due to the fact exit costs were not known. These exit costs would be a significant component of the fair value calculation, as the implicit rate of the lease of 13.8 per cent is in excess of the current market cost of capital for the Corporation.

NOTES TO THE FINANCIAL *Statements*

MARCH 31, 2004

3. PROPERTY AND EQUIPMENT

		2004		2003
Furniture and fixtures	$	5,997	$	6,125
Other equipment		7,316		7,288
Computers		7,563		7,191
Land and buildings		13,875		12,809
Capital and leasehold improvements		26,886		25,562
		61,637		58,975
Less: accumulated depreciation		49,146		47,488
	$	12,491	$	11,487

4. OBLIGATION UNDER CAPITAL LEASE

The Nova Scotia Liquor Corporation has an obligation under a capital lease, which matures in 2012. The obligation represents the total present value of future minimum lease payments discounted at the rate implicit in the lease which is 13.8 per cent. The future minimum lease payments together with the balance of the obligation under capital lease as of March 31, 2004, is as follows:

2005	$	1,536
2006		1,536
2007		1,536
2008		1,536
2009		1,536
2010 – 2012		4,228
Total minimum lease payments		11,908
Less amount representing interest		4,658
Balance of obligation		7,250
Less current portion of obligation		558
	$	6,692

Administrative expenses include interest of $1,050 (2003 – $1,113) related to this obligation.

5. EMPLOYEE FUTURE BENEFITS

The Corporation has two employee future benefit plans for which it is responsible as described in Note 2.

Information about these benefit plans, in aggregate, based on the April 1, 2002, actuarial valuation extrapolated to March 31, 2004, is as follows:

		2004		2003
Accrued benefit obligation:				
Balance, beginning of year	$	15,003	$	12,455
Current service cost		558		592
Interest cost		926		895
Benefits paid		(602)		(795)
Actuarial losses		15		1,856
Balance, end of year, and funded status – deficit		15,900		15,003
Less: current portion		(631)		(985)
Unamortized net actuarial loss		(968)		(983)
Accrued benefit liability	$	14,301	$	13,035

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations are as follows:

Discount rate	6.17%	6.17%
Rate of compensation increase	2.50%	2.50%

The assumed health care cost trend rate at April 1, 2004, was 11 per cent, decreasing at 1 per cent per annum to an ultimate rate of 5.0 per cent per annum. The Corporation's net benefit plan expense was $1,551 (2003 – $1,510).

NOTES TO THE FINANCIAL *Statements*

MARCH 31, 2004

6. COMMITMENTS

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2005 and 2010. Some of these operating leases contain renewal options at the end of the initial lease term.

The following schedule approximates future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 2004:

2005	$	2,913
2006	$	2,112
2007	$	1,684
2008	$	909
2009	$	323
2010	$	80

7. SUPPLEMENTAL CASH FLOW INFORMATION

		2004		2003
Change in non cash operating working capital				
Receivables	$	**667**	$	170
Inventory		**(4,135)**		(7,299)
Prepaid expenses		**(464)**		(2,097)
Payables and accruals		**7,745**		(56)
	$	**3,813**	$	(9,282)
Cash and cash equivalents consist of:				
Cash on hand and balances with banks	$	**5,585**	$	6,756
Interest and bank charges paid	$	**236**	$	235

8. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

9. OTHER ADJUSTMENTS

The Corporation recorded adjustments of $1,041 including HST, receivables, and payables items related to years prior to 2003. As net earnings are transferred to the Province annually, this amount had reduced the current year's distribution to the Province in the calculation of retained earnings.

Rums of the World

A Premium Rum Festival

3rd Annual Rum Festival

COMING

Spring 2005!

Tickets available at select NSLC stores throughout Metro or by calling 1-866-605-8269.

NSLC's 1st Annual
Scotch
Ceilidh
Attendees must be 19 years of age or older
Friday, October 1st, 2004
7 - 10p.m.
Schooner Showroom, Casino Nova Scotia Halifax
Tickets $50/person
Tickets available at select NSLC stores throughout Metro or by calling 1-866-605-8269.

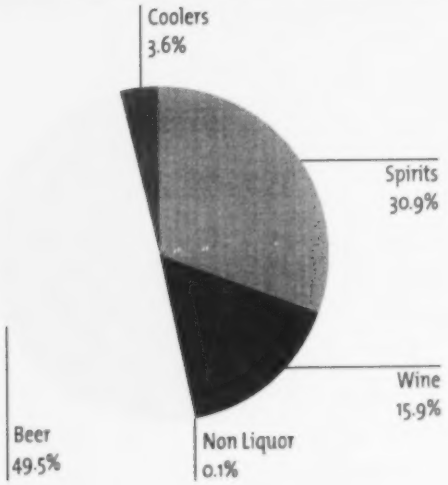
FIVE-YEAR *History*

FIVE-YEAR HISTORY OF PROFITS TO THE PROVINCE OF NOVA SCOTIA					
FISCAL YEAR	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
(000,000'S)	$135.2	$137.2	$143.9	$157.9	$166.8

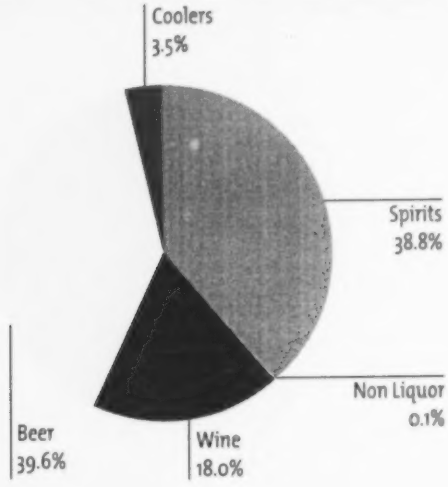
FIVE-YEAR KEY FINANCIAL HIGHLIGHTS	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
VOLUME (000 Hectolitres)	707.2	710.2	729.0	730.6	760.2
GROSS SALES (M)	$367.3	$372.4	$391.4	$413.3	$439.5
COST OF GOODS (M)	$184.1	$183.5	$197.6	$202.8	$213.3
As a % of Sales	50.5%	50.3%	50.5%	49.1%	48.5%
GROSS PROFIT (M)	$183.2	$188.9	$193.9	$209.6	$223.8
As a % of Sales	49.5%	49.7%	49.5%	50.7%	50.9%
STORE OP EXPENSE (M)	$33.8	$33.3	$34.7	$36.0	$38.1
As a % of Sales	9.1%	8.9%	8.9%	8.7%	8.7%
INC/OPERATIONS (M)	$135.2	$137.2	$143.9	$157.9	$167.8
As a % of Sales	36.4%	36.7%	36.8%	38.2%	38.2%
WHOLESALE SALES (M)	$64.0	$65.0	$66.6	$75.3	$79.6
As a % of Sales	17.2%	17.3%	17.0%	18.2%	18.1%
STORES	100	100	100	100	100
Hours Open (000's)	306.1	310.4	315.9	310.1	317.9
VOLUME (000 HL)					
Spirits	50.0	50.7	50.6	49.8	51.4
Wine	49.2	51.7	54.1	56.0	61.7
Beer	595.0	591.3	604.1	602.2	621.2
Coolers	13.0	16.5	20.3	22.6	25.9

FINANCIAL *Performance*

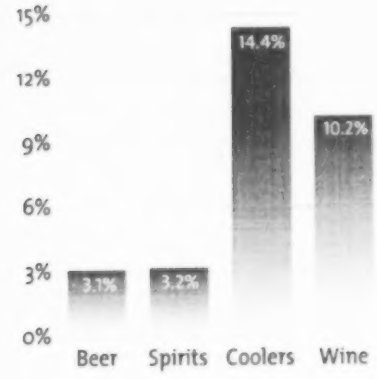
REPRESENTATIVE SALES CONTRIBUTION BY CATEGORY



GROSS PROFIT CONTRIBUTION BY CATEGORY



VOLUME PERCENT INCREASE



SALES BY *Stores*

MARCH 31, 2004

Largest Sales Halifax Area	Downsview Plaza	Largest Spirits Sales	Antigonish
Largest Sales Dartmouth Area	Westphal	Largest Wine Sales	Port of Wines
Largest Sales Eastern & Northern	Truro	Largest Beer Sales	Downsview Plaza
Largest Sales Cape Breton Area	Sydney River	Largest Coolers Sales	Downsview Plaza
Largest Sales Valley & South Shore	Bridgewater	Largest Sales - All Stores - All Categories	Downsview Plaza

REGION 1 - HALIFAX

STORE NUMBER & NAME	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
104 - Agricola Street	$2,726,251.93	$2,356,932.98	$4,041,790.58	$289,778.85	$16,212.33	$9,430,966.67
108 - Bayers Lake	$2,120,004.69	$2,214,705.03	$3,191,396.42	$297,553.68	$36,882.56	$7,860,542.38
110 - Bayers Road	$2,286,471.16	$1,393,703.95	$3,070,300.48	$220,434.12	$3,480.51	$6,974,390.22
115 - Chester	$1,256,144.63	$720,530.49	$1,604,971.47	$111,921.24	$1,960.27	$3,695,528.10
120 - Clyde Street	$2,002,300.27	$1,761,976.76	$2,984,255.97	$274,048.15	$13,450.22	$7,036,031.37
123 - Queen Street	$1,509,591.87	$1,450,279.41	$1,412,786.59	$150,778.46	$9,772.67	$4,533,209.00
125 - Hubbards	$607,427.98	$296,545.99	$776,461.76	$54,972.28	$919.36	$1,736,327.37
130 - Hantsport	$312,344.98	$92,121.97	$540,070.03	$25,690.38	$378.95	$970,606.31
145 - Halifax Shopping Centre	$1,628,894.03	$1,200,587.89	$1,442,472.27	$217,890.79	$15,585.40	$4,505,430.38
152 - Kempt Road	$846,905.69	$414,222.13	$1,323,041.17	$78,614.32	$1,686.45	$2,664,469.76
160 - Port of Wines	$373,518.67	$3,501,018.00	$168,177.33	$0.00	$132,635.50	$4,175,349.50
165 - Quinpool IGA	$1,545,243.55	$1,753,780.47	$1,653,316.31	$143,035.74	$8,948.94	$5,104,325.01
170 - Rockingham Ridge	$2,620,992.70	$1,716,828.69	$3,605,899.20	$317,949.22	$14,276.74	$8,275,946.55
176 - Downsview Plaza	$3,867,521.69	$1,304,595.94	$7,372,328.50	$575,145.52	$4,489.42	$13,124,081.07
180 - Scotia Square	$766,030.40	$648,684.11	$736,648.61	$72,206.63	$21,166.16	$2,244,735.91
185 - Spryfield	$2,360,674.89	$938,300.25	$4,114,217.83	$310,392.79	$2,197.79	$7,725,783.55
193 - Bedford Sunnyside	$1,114,163.05	$1,097,534.90	$1,070,706.93	$128,741.88	$11,877.75	$3,423,024.51
195 - Tantallon	$2,234,006.41	$1,606,392.47	$3,267,247.16	$227,084.03	$6,743.81	$7,341,473.88
196 - Windsor	$1,986,348.60	$526,924.47	$3,290,141.91	$225,090.77	$3,913.48	$6,032,419.23
099 - Halifax Licensee	$6,141,976.52	$9,303,016.38	$17,012,698.49	$991,090.15	$220.90	$33,458,102.44
TOTAL REGION 1	**$38,306,813.71**	**$34,298,682.28**	**$62,678,929.01**	**$4,712,419.00**	**$306,799.21**	**$140,312,743.21**

SALES BY *Stores*

REGION 2 - DARTMOUTH						
STORE NUMBER & NAME	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
201 - Airport	$578,477.75	$475,421.81	$476,510.72	$27,333.20	$3,944.96	$1,561,688.44
202 - Bedford Place	$1,902,715.72	$1,572,556.67	$2,747,488.47	$219,026.96	$8,600.08	$6,450,387.90
209 - Bridge Plaza	$2,506,799.24	$1,342,286.69	$4,942,791.70	$299,122.79	$14,711.56	$9,105,711.98
210 - Burnside	$660,893.61	$272,997.42	$1,094,806.99	$74,886.80	$2,388.45	$2,105,973.27
213 - Penhorn Mall	$1,452,082.30	$795,885.62	$1,026,247.39	$150,052.91	$8,168.48	$3,432,436.70
219 - Westphal	$3,502,028.06	$1,561,379.51	$5,949,554.11	$495,097.16	$7,717.19	$11,515,776.03
220 - Mic Mac Mall	$1,239,727.38	$1,078,183.43	$765,121.32	$141,414.33	$19,435.10	$3,243,881.56
222 - Kennetcook	$337,211.55	$32,621.66	$821,270.56	$31,975.09	$107.23	$1,223,186.09
223 - Elmsdale	$2,037,280.69	$764,847.36	$3,900,396.98	$299,536.99	$2,862.87	$7,004,924.89
225 - Fall River	$1,078,304.92	$714,565.66	$1,230,638.15	$129,686.35	$3,336.09	$3,156,531.17
227 - Forest Hills	$3,439,142.63	$1,658,360.35	$5,294,254.92	$492,193.89	$6,613.08	$10,890,564.87
270 - Porters Lake	$1,356,494.40	$470,827.55	$2,219,668.34	$160,028.70	$1,290.15	$4,208,309.14
280 - Sheet Harbour	$474,466.46	$97,331.60	$640,380.74	$30,903.70	$978.98	$1,244,061.48
285 - Stewiacke	$696,617.87	$125,648.66	$1,510,961.55	$96,092.40	$976.88	$2,430,297.36
286 - Middle Musquodoboit	$386,478.59	$54,294.86	$584,642.81	$33,399.45	$238.08	$1,059,053.79
290 - Eastern Passage	$966,562.78	$307,328.07	$2,070,853.66	$145,935.67	$1,088.73	$3,491,768.91
297 - Musquodoboit Harbour	$672,421.22	$180,112.25	$865,358.69	$54,791.69	$724.40	$1,773,408.25
TOTAL REGION 2	**$23,287,705.17**	**$11,504,649.17**	**$36,140,947.10**	**$2,881,478.08**	**$83,182.31**	**$73,897,961.83**

SALES BY *Stores*

REGION 3 - EASTERN & NORTHERN						
STORE NUMBER & NAME	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
301 - Amherst	$807,674.64	$295,249.82	$2,020,051.77	$160,411.15	$1,208.20	$3,284,595.58
302 - Amherst Mall	$1,105,095.67	$451,441.83	$1,944,748.87	$209,937.32	$4,222.46	$3,715,446.15
303 - Antigonish	$4,076,040.87	$1,349,459.12	$5,738,512.55	$422,503.04	$9,930.76	$11,596,446.34
310 - Bible Hill	$1,001,813.19	$229,059.09	$2,023,884.06	$115,052.29	$1,116.86	$3,370,925.49
312 - Canso	$343,482.94	$43,307.55	$620,897.99	$41,912.40	$294.62	$1,049,895.50
317 - Guysborough	$455,980.84	$105,010.50	$680,654.11	$34,537.89	$548.22	$1,276,731.56
322 - Joggins	$99,228.33	$11,970.42	$320,162.95	$16,022.31	$149.85	$447,533.86
338 - Oxford	$298,030.66	$70,107.16	$552,241.17	$41,369.48	$516.36	$962,264.83
340 - Mulgrave	$303,413.67	$35,694.64	$533,847.81	$20,686.23	$307.52	$893,949.87
343 - Parrsboro	$385,908.32	$119,968.54	$845,643.87	$54,695.26	$970.66	$1,407,186.65
345 - New Glasgow	$3,061,006.79	$1,162,505.91	$5,308,907.69	$391,441.54	$4,832.14	$9,928,694.07
348 - Pictou	$1,313,289.87	$434,573.71	$1,976,274.73	$150,388.67	$2,126.53	$3,876,653.51
353 - Pugwash	$441,538.44	$154,405.03	$715,102.25	$53,657.63	$669.49	$1,365,372.84
358 - River John	$225,822.51	$68,776.67	$472,425.74	$26,480.72	$142.26	$793,647.90
367 - Springhill	$441,745.15	$87,309.73	$1,013,330.51	$70,404.51	$656.63	$1,613,446.53
370 - Sherbrooke	$245,332.60	$77,272.42	$443,293.30	$25,564.55	$305.53	$791,768.40
375 - Stellarton	$978,284.72	$206,070.12	$1,769,936.37	$84,446.32	$782.88	$3,039,520.41
382 - Tatamagouche	$515,840.81	$324,893.39	$992,601.61	$66,869.86	$1,044.08	$1,901,249.75
387 - Trenton	$507,941.54	$117,034.99	$1,108,850.86	$46,282.27	$338.55	$1,780,448.21
392 - Truro	$3,901,340.39	$1,345,562.95	$6,714,187.78	$529,545.63	$6,329.33	$12,496,966.08
394 - Truro Mall	$1,417,381.19	$419,715.15	$1,574,345.80	$152,000.16	$2,199.64	$3,565,641.94
397 - Westville	$708,377.04	$114,909.48	$1,689,637.71	$91,177.45	$324.46	$2,604,426.14
TOTAL REGION 3	**$22,634,570.18**	**$7,224,298.22**	**$39,059,539.50**	**$2,805,386.68**	**$39,017.03**	**$71,762,811.61**

SALES BY *Stores*

REGION 4 - CAPE BRETON						
STORE NUMBER & NAME	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
407 - Arichat	$511,062.49	$102,096.08	$828,062.98	$40,453.56	$1,198.27	$1,482,873.38
408 - Baddeck	$1,295,688.96	$543,042.90	$2,009,485.69	$142,411.61	$2,874.41	$3,993,503.57
413 - Cheticamp	$631,589.70	$233,482.72	$1,132,088.73	$96,473.55	$1,554.13	$2,095,188.83
418 - Dominion	$397,189.07	$55,994.44	$1,062,980.21	$57,237.46	$560.49	$1,573,961.67
426 - Glace Bay	$2,585,763.54	$471,934.45	$5,465,728.34	$353,693.97	$3,272.19	$8,880,392.49
431 - Ingonish	$563,380.46	$270,824.78	$901,951.18	$68,773.25	$1,553.21	$1,806,482.88
436 - Inverness	$688,750.41	$202,392.11	$1,299,275.66	$66,448.36	$1,219.07	$2,258,085.61
441 - Louisbourg	$346,310.88	$81,291.11	$622,477.92	$37,205.62	$757.19	$1,088,042.72
445 - New Waterford	$1,137,473.61	$190,152.59	$2,895,658.87	$142,376.94	$1,069.00	$4,366,731.01
451 - North Sydney	$2,132,645.20	$519,769.29	$3,302,831.60	$280,771.93	$3,073.35	$6,239,091.37
455 - Port Hawkesbury	$2,242,673.11	$777,500.80	$3,270,718.52	$208,073.69	$9,704.62	$6,508,670.74
460 - Port Hood	$629,550.26	$139,847.32	$756,211.42	$40,029.07	$1,242.24	$1,566,880.31
477 - St. Peters	$600,984.56	$150,309.31	$1,165,473.06	$70,252.14	$894.99	$1,987,914.06
479 - Sydney	$1,985,603.51	$602,845.51	$2,655,014.03	$182,597.64	$3,743.75	$5,429,804.44
480 - Mayflower Mall	$726,757.14	$286,282.24	$390,768.42	$59,317.15	$1,981.37	$1,465,106.32
481 - Sydney K-Mart Plaza	$2,169,213.81	$487,875.96	$3,591,202.83	$234,199.14	$2,161.21	$6,484,652.95
483 - Whitney Pier	$502,869.49	$72,056.48	$892,151.10	$35,992.40	$232.54	$1,503,302.01
490 - Sydney Mines	$946,099.15	$145,342.37	$2,279,075.19	$149,433.92	$616.77	$3,520,567.40
496 - Sydney River	$3,815,837.32	$1,345,014.83	$6,638,652.85	$571,987.46	$9,033.83	$12,380,526.29
TOTAL REGION 4	**$23,909,442.67**	**$6,678,055.29**	**$41,159,808.60**	**$2,837,728.86**	**$46,742.63**	**$74,631,778.05**

SALES BY *Stores*

REGION 5 - VALLEY & SOUTH SHORE						
STORE NUMBER & NAME	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
501 - Annapolis	$708,763.59	$336,217.01	$967,224.99	$63,732.38	$1,137.92	$2,077,075.89
504 - Barrington Passage	$1,071,913.02	$142,598.78	$1,304,793.76	$128,839.75	$966.53	$2,649,111.84
505 - Bridgewater	$3,188,163.88	$1,256,990.87	$4,440,106.61	$291,465.48	$7,226.62	$9,183,953.41
506 - Bridgewater Mall	$951,138.73	$327,004.58	$506,202.58	$62,089.80	$2,203.33	$1,848,639.02
509 - Caledonia	$253,321.22	$70,001.96	$416,548.21	$25,719.65	$252.64	$765,843.68
511 - Berwick	$963,529.56	$281,831.49	$1,702,348.58	$95,792.79	$2,115.65	$3,045,618.07
515 - Bridgetown	$409,353.18	$124,022.21	$666,950.89	$40,610.27	$988.25	$1,241,924.80
520 - Digby	$1,686,162.37	$628,315.13	$2,425,703.01	$198,448.94	$1,867.30	$4,940,496.75
546 - Kentville	$1,597,379.41	$650,369.35	$3,006,721.92	$182,848.09	$2,678.64	$5,439,997.41
548 - Kingston	$1,672,279.48	$653,458.65	$2,997,785.69	$216,672.59	$3,495.44	$5,543,691.85
555 - Liverpool	$1,549,846.18	$461,531.14	$1,746,101.97	$115,753.18	$1,630.64	$3,874,863.11
560 - Lockeport	$334,770.27	$44,793.06	$314,832.48	$24,846.74	$218.83	$719,461.38
565 - Lunenburg	$1,456,650.89	$727,985.64	$1,479,052.62	$86,740.23	$3,391.79	$3,753,821.17
570 - Mahone Bay	$955,069.75	$525,243.95	$1,135,158.13	$72,873.29	$2,043.25	$2,690,388.37
572 - Meteghan	$948,255.92	$252,170.36	$1,638,807.42	$96,276.58	$1,092.01	$2,936,602.29
573 - Middleton	$952,011.69	$264,271.76	$1,569,850.89	$104,304.44	$1,495.54	$2,891,934.32
574 - New Minas	$2,079,030.74	$914,838.79	$3,095,054.28	$278,723.32	$9,492.13	$6,377,139.26
575 - New Germany	$413,403.83	$78,081.42	$647,534.62	$35,043.85	$314.03	$1,174,377.75
585 - Shelburne	$960,261.07	$292,228.75	$1,242,762.49	$93,797.29	$913.94	$2,589,963.54
590 - West Pubnico	$437,323.15	$92,641.60	$418,054.58	$33,840.16	$403.85	$982,263.34
591 - Weymouth	$435,307.31	$123,412.00	$765,007.36	$41,412.86	$562.09	$1,365,701.62
595 - Wolfville	$1,224,270.31	$898,299.84	$1,851,529.95	$145,145.09	$3,629.87	$4,122,875.06
598 - Yarmouth	$3,218,407.35	$914,475.95	$4,277,372.70	$321,295.13	$3,600.52	$8,735,151.65
TOTAL REGION 5	$27,466,612.90	$10,060,784.24	$38,615,505.73	$2,756,271.90	$51,720.81	$78,950,895.58

GRAND TOTAL SALES	$135,605,144.63	$69,766,469.20	$217,654,729.94	$15,993,284.52	$527,461.99	$439,547,090.28

AGENCY STORES						
	SPIRITS	WINE	BEER	COOLER	OTHER	TOTAL
TOTAL AGENCY STORES	$1,247,366.87	$230,734.56	$2,336,609.91	$171,161.50	$83.46	$3,985,956.30

SOURCE OF GROSS *Sales Revenue*

SOURCE OF GROSS SALES REVENUE

Overall, all categories increased from last year and total sales are up 6.3 per cent.
Coolers showed the largest increase, up 16.1 per cent over last year.
(Dollars to the nearest 000s)

2003/2004	$	%
Spirits	$135,605.1	30.9%
Wine	$69,766.5	15.9%
Beer	$217,654.7	49.5%
Coolers	$15,993.3	3.6%
Other	$527.5	0.1%
TOTAL	$439,547.1	100.0%

RETAIL – WHOLESALE SALES

Retail sales flow from sales at the NSLC's 100 stores. Wholesale sales include licensees, private wine specialty stores, and agency stores.

(Dollars to the nearest 000s)

2003/2004

SPIRITS	$	%
Retail	$119,637.8	88.2%
Wholesale	$15,967.3	11.8%
Total	$135,605.1	100.0%

WINE	$	%
Retail	$55,900.5	80.1%
Wholesale	$13,866.0	19.9%
Total	$69,766.5	100.0%

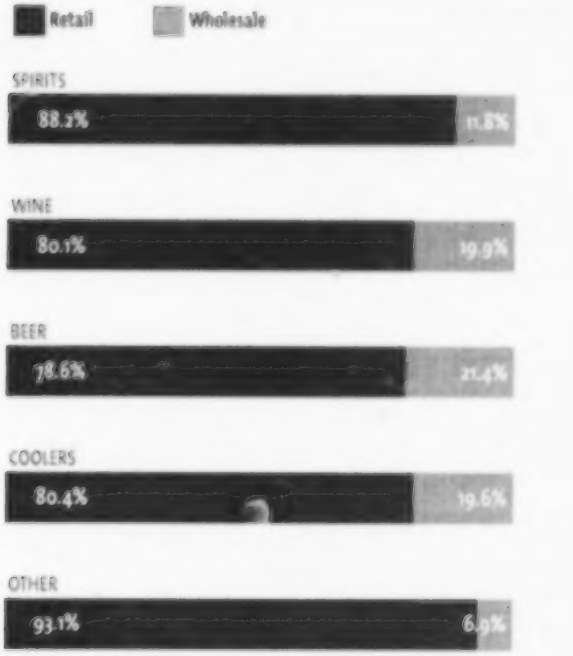
BEER	$	%
Retail	$171,065.7	78.6%
Wholesale	$46,589.0	21.4%
Total	$217,654.7	100.0%

COOLERS	$	%
Retail	$12,865.7	80.4%
Wholesale	$3,127.6	19.6%
Total	$15,993.3	100.0%

OTHER	$	%
Retail	$491.2	93.1%
Wholesale	$36.3	6.9%
Total	$527.5	100.0%

TOTAL	$	%
Retail	$359,960.9	81.9%
Wholesale	$79,586.2	18.1%
TOTAL SALES	$439,547.1	100.0%

RETAIL – WHOLESALE SALES



CANADIAN AND IMPORTED *Sales*

CANADIAN AND IMPORTED SALES 2003/2004

Canadian products account for 78.9 per cent of all products sold; 21.1 per cent are imported. Imports have increased their share by 2.0 per cent over last year. (Dollars to the nearest 000s)

SPIRITS	$	%
Canadian	$106,301.7	78.4%
Imported	$29,303.4	21.6%
Total	$135,605.1	100.0%

WINE	$	%
Canadian	$20,253.8	29.0%
Imported	$49,512.7	71.0%
Total	$69,766.5	100.0%

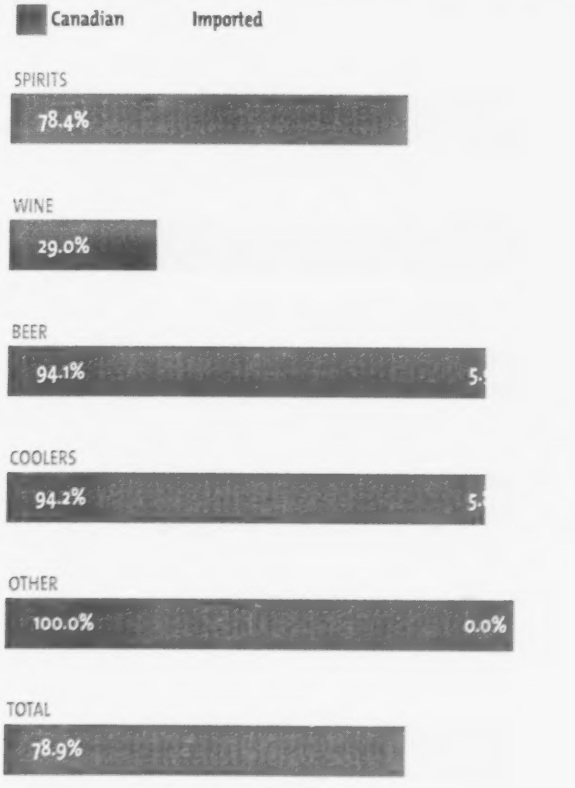
BEER	$	%
Canadian	$204,716.3	94.1%
Imported	$12,938.4	5.9%
Total	$217,654.7	100.0%

COOLERS	$	%
Canadian	$15,066.2	94.2%
Imported	$927.1	5.8%
Total	$15,993.3	100.0%

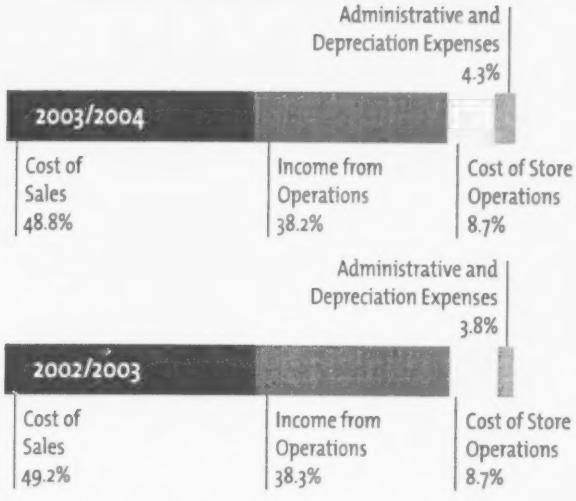
OTHER	$	%
Canadian	$527.5	100.0%
Imported	$0.0	0.0%
Total	$527.5	100.0%

TOTAL	$	%
Canadian	$346,865.5	78.9%
Imported	$92,681.6	21.1%
TOTAL	$439,547.1	100.0%

CANADIAN AND IMPORTED SALES



DISTRIBUTION OF SALES REVENUE DOLLARS



FIVE-YEAR SALES *Comparison*

(Dollars to the nearest 000s)

BY CLASS OF SALES

YEAR	SPIRITS	WINE	BEER	COOLERS	OTHER	SPECIAL ORDERS	TOTAL
2003/2004	$135,605.1	$69,766.5	$217,654.7	$15,993.3	$527.5	$0.0	$439,547.1
2002/2003	$131,886.4	$60,925.6	$206,291.0	$13,779.0	$443.4	$0.0	$413,325.3
2001/2002	$128,458.1	$53,984.1	$197,343.4	$11,291.3	$353.8	$481.1	$391,911.8
2000/2001	$127,110.1	$49,698.9	$186,784.0	$7,990.7	$316.0	$486.0	$372,385.7
1999/2000	$125,400.2	$46,975.5	$187,320.0	$6,829.1	$321.6	$442.7	$367,289.1

CDN VS. IMP – GROSS LIQUOR REVENUE

	YEAR	SPIRITS	WINE	BEER	COOLERS	OTHER	SPECIAL ORDERS	TOTAL
CDN	2003/2004	$106,301.7	$20,253.8	$204,716.3	$15,066.2	$527.5	N/A	$346,865.5
IMP		$29,303.4	$49,512.7	$12,938.4	$927.1	$0.0	N/A	$92,681.6
Cdn	2002/2003	$105,446.4	$19,436.2	$195,391.5	$13,779.0	$434.9	N/A	$334,488.0
Imp		$26,439.9	$41,489.3	$10,899.5	$0.0	$8.5	N/A	$78,837.2
Cdn	2001/2002	$103,732.7	$17,711.9	$188,881.0	$11,291.3	$353.8	N/A	$321,970.6
Imp		$24,725.4	$36,272.2	$8,462.5	$0.0	$0.0	N/A	$69,460.1
Cdn	2000/2001	$100,969.5	$17,615.2	$176,722.8	$7,990.7	$315.8	N/A	$303,614.0
Imp		$26,140.6	$32,083.7	$10,061.2	$0.0	$0.2	N/A	$68,285.7
Cdn	1999/2000	$101,329.5	$17,181.0	$178,255.1	$6,687.2	$321.6	N/A	$303,774.4
Imp		$24,070.7	$29,794.5	$9,064.9	$141.9	$0.0	N/A	$63,072.0

WHOLESALE SALES

YEAR	SPIRITS	WINE	BEER	COOLERS	OTHER	SPECIAL ORDERS	TOTAL
2003/2004	$15,967.3	$13,866.0	$46,589.0	$3,127.6	$36.3	N/A	$79,586.2
2002/2003	$15,436.4	$9,392.7	$47,295.6	$3,120.6	$22.4	N/A	$75,267.7
2001/2002	$13,641.8	$7,725.0	$42,970.6	$2,290.6	$0.0	N/A	$66,628.0
2000/2001	$13,882.1	$7,331.8	$42,240.2	$1,494.1	$0.0	N/A	$64,948.2
1999/2000	$13,841.9	$6,829.8	$42,231.9	$1,159.1	$0.0	N/A	$62,550.8

FIVE-YEAR VOLUME *Comparison*

SALES IN HECTOLITRES - FIVE YEARS

(Approximate Hectolitres)
Imported wine has been steadily increasing in volume since 1999/2000.
Imported beer volume was increased 11.3 per cent from last year.

	2003/2004		2002/2003		2001/2002		2000/2001		1999/2000	
SPIRITS										
Canadian	41,248.7		40,457.2		40,002.1		40,682.1		40,737.4	
Imported	10,137.9		9,328.0		10,571.6		9,997.1		9,243.0	
TOTAL	51,386.6	6.8%	49,785.2	6.8%	50,573.7	6.9%	50,679.2	7.0%	49,980.4	6.9%
WINE										
Canadian	25,340.1		24,268.9		24,571.8		25,078.6		24,023.6	
Imported	36,408.9		31,745.2		29,489.7		26,655.5		25,192.1	
TOTAL	61,748.9	8.1%	56,014.1	7.7%	54,061.5	7.4%	51,734.1	7.5%	49,215.7	7.3%
BEER										
Canadian	589,569.3		573,838.3		581,159.1		552,503.3		567,576.2	
Imported	31,586.0		28,394.0		22,961.1		38,824.5		27,458.3	
TOTAL	621,155.3	81.7%	602,232.3	82.4%	604,120.2	82.9%	591,327.8	83.2%	595,034.5	84.0%
COOLERS										
Canadian	24,537.1		22,611.0		20,284.3		16,314.9		12,738.0	
Imported	1,327.7		0.0		0.0		160.0		238.9	
TOTAL	25,864.8	3.4%	22,611.0	3.1%	20,284.3	2.8%	16,474.9	2.3%	12,976.9	1.8%
OTHER										
Canadian	0.0		0.0		0.0		0.0		0.0	
Imported	0.0		0.0		0.0		-0.1		8.4	
TOTAL	0.0	0.0%	0.0	0.0%	0.0	0.0%	-0.1	-0.0%	8.4	0.0%
GRAND TOTAL	760,155.6	100.0%	730,642.6	100.0%	729,039.7	100.0%	710,215.9	100.0%	707,215.9	100.0%

CORPORATE *Information*

PETER MCCREATH, CHAIRMAN OF THE BOARD OF DIRECTORS

Peter has served as Chairman of the Board of the NSLC since his appointment in December 2001. He has a depth of experience in education, journalism, banking, communications, and public affairs. He holds degrees from the University of Toronto, Dalhousie University, and Saint Mary's University. From 1988 to 1993 he was a Member of Parliament and in 1993 was appointed as a member of Cabinet and the Queen's Privy Council. Peter began his career serving 19 years as a high school teacher as well as holding a staff position within the Nova Scotia Teacher's Union.

In addition to his long record of public and community service, he is a writer and historian who authored a number of books, including one on Alexander Keith, the Nova Scotian brewmaster whose product is one of the NSLC's top brands. He resides in Hubbards, Nova Scotia.

BRIAN BUTLER, DIRECTOR

Brian brings experience from many years working for manufacturers in the beverage alcohol industry. A resident of Fall River, he is Chair of the NSLC's Industry Committee, which has responsibility for issues affecting the beverage alcohol industry in Nova Scotia. Initially appointed in December 2001, he was reappointed in January 2004 for a three-year term. He has maintained a long-term interest in public service and is currently involved in the security industry.

BOB CURLEY, DIRECTOR

Bob has extensive experience in the cable television and telecommunications industry. Recently retired, he is a resident of Pictou County who has a long record of community service and involvement. A graduate of Saint Mary's University, he serves as a member of the NSLC's Governance Committee. He was initially appointed in December 2001, and was reappointed in January 2004 for a three-year term.

FRANK ELLIOTT, DIRECTOR

Frank is an entrepreneur and businessman who is a lifelong resident of Cumberland County. His background is in the retail and services industry, and he has a long record of community involvement which includes 14 years as a member (including 6 as Chair) of the Amherst Police Commission. He was appointed to the Board in January 2004 for a four-year term, and serves as a member of the Social Responsibility Committee.

JIM MACLEAN, DIRECTOR

Jim is a lawyer who has had a private practice in Lower Sackville for the past 25 years. He is a graduate of Mount Allison University and the University of New Brunswick. He serves as Chairman of the NSLC's Audit Committee and takes a keen interest in matters relating to corporate ethics and internal control. Appointed to the Board in December 2001 for a three-year term, he is a resident of Halifax.

PAULA MINNIKIN, DIRECTOR

Paula is an executive in the information technology industry who has an extensive background with several Nova Scotia technology companies. She is currently Chief Information Officer with Jacques Whitford and Associates of Dartmouth. She is a graduate of Carleton University, and has a keen interest in youth and amateur sport.

A resident of Halifax, she serves as Chair of the NSLC's Social Responsibility Committee. She was appointed to the Board in December, 2001 for a 3-year term.

BILL PYLE, DIRECTOR

Bill is a resident of Digby County who has an extensive background in the education system as an educator, administrator, and consultant. He holds several degrees from Acadia University and the Nova Scotia Teacher's College and has a long history of public service and community involvement. He is Chair of the NSLC's Governance Committee and is also Chair of the Human Resources Committee. He was appointed to the Board in December 2001, for a four-year term.

KELLIANN DEAN, NON-VOTING DIRECTOR

Kelliann joined the NSLC Board in 2004 when she was appointed Nova Scotia's Deputy Minister of Tourism with responsibility for the NSLC. Prior to becoming the Deputy Minister of Tourism Kelliann served as Vice President, Business Development for Nova Scotia Business Incorporated (NSBI). Kelliann's career also includes 13 years with the Business Development Bank of Canada in both Halifax and Montreal. Her final position with the BDC was as Assistant Vice-President, Strategic Initiatives. Kelliann holds a Bachelor Degree in Public Relations from Mount Saint Vincent University and an MBA from Saint Mary's University.

KEN BARBET, NON-VOTING DIRECTOR

Ken was appointed a non-voting director when he assumed Acting President responsibilities for the NSLC in September of 2003. He was appointed President and CEO of the NSLC in September 2004.

Prior to assuming his NSLC leadership role, Ken was the NSLC's Vice President, Operations and Development, running the organization's 100 retail stores. Ken's career also includes almost 20 years with private sector retail organizations. He held senior operating and sales roles with a major pharmacy chain based in Ontario, as well as serving as a General Manager for a large regional grocery retailer in Alberta. Ken began his retail career with a major Canadian bank.

Ken is a member elect of the Board of Directors of the Retail Council of Canada and serves on their 2004 Store Conference Committee.

BOARD OF DIRECTORS COMMITTEE MEMBERSHIP

AUDIT & FINANCE:
Jim MacLean, Chair
Paula Minnikin
Peter McCreath
Outside members Rachel Martin, Mike Casey
Staff support Ken Barbet, Greg Beaulieu, Mike Knox

GOVERNANCE:
Bill Pyle, Chair
Bob Curley
Brian Butler
Kelliann Dean
Staff support Greg Beaulieu, Karen Putnam

INDUSTRY:
Brian Butler, Chair
Jim MacLean
Peter McCreath
Staff support John Strickey, Greg Beaulieu

SOCIAL RESPONSIBILITY:
Paula Minnikin, Chair
Frank Elliott
Outside members Shawn Hiscott, Jean Lapine, Luc Erjavec
Staff support Rick Perkins, Jennifer Gray

EXECUTIVE OFFICERS

KEN BARBET – PRESIDENT & CEO

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Prior to assuming his NSLC leadership role Ken, was the NSLC's Vice President, Operations and Development, running the organization's 100 retail stores. Ken's career also includes almost 20 years with private sector retail organizations. He held senior operating and sales roles with a major pharmacy chain based in Ontario, as well as serving as a General Manager for a large regional grocery retailer in Alberta. Ken began his retail career with a major Canadian bank.

Ken is a member elect of the Board of Directors of the Retail Council of Canada and serves on their 2004 Store Conference Committee.

CARRIE CUSSONS – VICE PRESIDENT, FINANCE

Carrie joined the NSLC in mid 2004 as Vice President, Finance. She joins the NSLC after having served as Vice President, Finance and Controller of The CCL Group Inc. since 1996. During this time she also managed CCL's graphic design practice.

Carrie's career began at the accounting firm Ernst & Young where she held progressive senior positions including Audit Manager. Carrie worked with Ernst & Young for seven years.

Carrie obtained her Chartered Accounting designation in 1991 and is a member of Financial Executives International.

RODDY MACDONALD – VICE PRESIDENT, HUMAN RESOURCES

Roddy has served as the NSLC's Vice President of Human Resources since 2002. He also served as Acting Vice President, Operations, for the NSLC from September 2003 through March 2004.

Roddy's career has included senior HR management roles in the Halifax Regional Municipality government where he led the HR Client Services Division for the city. Roddy joined the HRM with the amalgamation of the previous municipalities in 1996 where he was responsible for labour relations activities during the amalgamation. Prior to amalgamation Roddy served for three years in progressively more senior HR roles in the City of Dartmouth. Roddy began his career in HR with companies in the trucking and automotive sectors. Roddy has served on the executive of the Human Resources Association of Nova Scotia and has led the NSLC's United Way campaigns.

JOHN STRICKEY – VICE PRESIDENT, MERCHANDISE & MARKETING

In this capacity, John is leading the new NSLC focus on increased product selection, new category management and shelf management strategies. John has served in this role since 2002. Prior to serving in his current role for four years, John was responsible for managing the NSLC's 100 retail stores as Vice President, Operations & Development.

John spent almost 20 years in positions of increasing responsibility with K-Mart, one of Canada's leading retail organizations. During this period of John's career, he served as K-Mart's operations manager for western Canada and then as operations manager for Atlantic Canada. In these roles he was responsible for all aspects of the division including business planning, long-term strategy, sales, marketing, operations, human resources, store location and store development.

John began his career managing the national sales team for the fashion segment for K-Mart.

MARK BROWN – DIRECTOR, INFORMATION TECHNOLOGY

Mark joined the NSLC in 2003 to lead our renewal of all our technology systems. He has designed and is implementing a new three-year strategy for the NSLC's IT needs.

Prior to joining the NSLC, Mark spent two years as the Senior Project Leader on a number of IT initiatives for the Victorian Workcover Authority in Melbourne, Australia. Prior to going to Australia Mark spent 10 years with Nova Scotia's Worker's Compensation Board holding a number of IT related positions including serving as the Director, Corporate Service Development. Mark began his career holding a number of IT positions in Toronto in the financial services sector.

HOYT GRAHAM – DIRECTOR, DEVELOPMENT

Hoyt joined the NSLC in this capacity in 2002 and is responsible for the development of the NSLC's store network as well as the day-to-day management and maintenance of all NSLC property.

Prior to joining the NSLC, Hoyt was the Manager of Engineering, Construction and Development for Husky Oil's retail and commercial division in Calgary. In this capacity, Hoyt was responsible for the planning and development of Husky's network of 585 convenience stores and service stations across Canada.

RICK PERKINS – DIRECTOR, CORPORATE COMMUNICATIONS

Rick joined the NSLC's executive team in late 2003 as Director, Corporate Communications. Rick is responsible for all corporate communications, advertising, and research for the NSLC. In addition Rick serves as the organization's Freedom of Information and Protection of Privacy (FOIPOP) Administrator.

Rick has 20 years of corporate communications and marketing experience in the public and private sectors. Prior to joining the NSLC, Rick was co-founder of one of Toronto's most successful investor relations and corporate marketing firms. His career also includes serving as the Vice President, Communications for the world's second largest asset-based finance company as well as senior communications positions within one of Canada's largest banks. For the first decade of his career Rick served in senior policy positions within the Government of Canada.

CRAIG SUTHERLAND – DIRECTOR, DISTRIBUTION

Craig joined the NSLC's executive in late 2003 to lead a transformation of the NSLC's supply chain and logistics. Driving improvements in our distribution centre and freight costs has been a primary focus of Craig's to-date.

Prior to joining the NSLC, Craig served in senior supply chain management roles with Atlantic Wholesalers for seven years. His responsibilities included serving as the Distribution manager for Nova Scotia and the Transportation Manager for Atlantic Canada. In these roles Craig focused on improving on-time delivery percentages, increasing productivity and reducing lost-time accidents.

Craig began his career with Sobeys Food Services Group where he held increasingly senior roles including operations manager and warehouse supervisor.

GREG BEAULIEU, CORPORATE SECRETARY

Greg has served as the organization's Corporate Secretary since 2003. He has additional responsibilities for the internal audit department, regulatory issues such as permitting, and manages the NSLC legal counsel requirements.

Prior to joining the NSLC, Greg was responsible for managing issues related to the NSLC within the provincial government from 1999 to 2003. His government career includes positions with responsibility for information technology in the Nova Scotia Department of Municipal Affairs; project management of the implementation of the Nova Scotia Personal Property Registry, an innovative public-private partnership; and senior policy analysis roles in the Nova Scotia Department of Finance, Department of Tourism, and Priorities and Planning Secretariat.

DRINKING
AND
DRIVING
KILLS,
PLAN
AHEAD
TO GET
HOME
SAFE
Artwork created by students
in Nova Scotia schools
NSLC
Beer

NSLC
BEER • WINE • SPIRITS